FINANCIAL TIMES

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WORLD NEWS

Soviet arms proposals outlined

Soviet Foreign Minister Eduard Shevardnadze yesterday gave President Reagan the outline of Moscow's counter-proposals on arms control, during a meeting in Washington.

He would not say what they contained, but told reporters they would be presented at arms control talks in Geneva next week.

Mr Reagan said he was satisfied with their meeting. Fifteen minutes after it began, the U.S. held an underground nuclear test in Nevada.

Moscow Premier quits

Soviet Premier Nikolai Tikhonov, 80, resigned. He was replaced by Nikolai Ryzhkov, an economic manager of Soviet leader Mikhail Gorbachev's generation. Back Page

Punjab leader chosen

Moderate Sikh Surjit Singh Barnala was chosen parliamentary leader of the Akali Dal party which swept to power in India's Punjab state. Back Page

Hong Kong troop cuts

Defence Minister Michael Heseltine said the number of troops in Hong Kong would be cut from 1987. The 2nd battalion 7th Gurkha Rifles, is to be disbanded.

Observer sent for trial

The Observer newspaper was committed for trial at the Old Bailey by Bath magistrates for corruptly paying £1,500 to a former Defence Ministry civil servant.

Liverpool staff sacked

Liverpool city councillors staved off insolvency by voting to sack all 31,000 council workers temporarily. Page 5

Alliance celebrations

Alliance leaders celebrated local government by-election results in which their candidates won 13 of 16 contests, taking seven Tory and three Labour seats.

British women missing

Two British women, Amanda Magarth and Hazel Ross, were forced into a car in Beirut by gunmen. The Foreign Office said nobody had claimed responsibility for the abduction.

Peace at energy agency

The International Atomic Energy Agency avoided a damaging split when a proposal for sanctions against Israel failed.

Afghan general 'killed'

Afghan rebels said the Kabul government's army chief of staff Maj-Gen Shahnawaz Tani, was killed by a landmine.

Czech border closed

Czechoslovakia closed the Berg border crossing into Austria after what it called a terrorist attack.

Coal board appointment

Former civil servant Sir Kenneth Couzens joins the National Coal Board next week as chairman Ian MacGregor's right-hand-man.

Media curbs urged

News media should agree to security authority requests not to publish information about terrorist incidents, Cabinet Secretary Sir Robert Armstrong said. Page 4

RAF fighters collide

Two RAF Hawk fighters collided off western Sardinia during a training flight. All three crew parachuted to safety.

Briefly . . .

Leo Abse, Welsh Labour MP, is to quit politics.

Florence is in danger of drought. Page 3

Virgin Atlantic airline wants to cut its London-New York fare by £10. Page 6

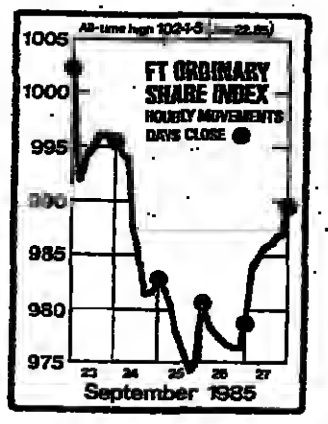
BUSINESS SUMMARY

Midland in Crocker loans move

MIDLAND BANK is transferring about $3.6bn (£2.6bn) of loans out of Crocker National Bank, its troubled California subsidiary. Back Page

CONSOLIDATED Gold Fields, South African mining and building materials group, is negotiating a management buy-out worth more than £100m for its U.S. industrial interests which were put up for sale earlier this year. Back Page

INTERNATIONAL stocks led a rally on the London Stock Exchange, taking the FT Ordinary



Index 10.5 higher to close at 989.6, 12.6 down on the week. Page 14

U.S. said it was not prepared to support a general capital increase for the World Bank, largest international development institution. Page 2

ELDERS IXL, Australian brewing and wool group, reported a 50 per cent increase in full-year profits to a record $A102.58m (£50.61m) leading the group to restate its intention of putting a consortium together to bid for UK brewer Allied Lyons. Page 11

UNITED NEWSPAPERS' battle to take over Fleet Holdings took an unexpected turn when Kleinwort Benson, Fleet's financial adviser, announced it had bought a 2.8 per cent stake in United for £6.3m. Page 10

PIRELLI GENERAL, Hampshire-based cable manufacturer, is to invest more than £10m at its factory in Aberdare, Mid-Glamorgan, to make plastic insulated and sheathed general wiring cables. Page 5

FARM MACHINERY output was 22 per cent higher in the second quarter than the first, following a rush of orders in advance of reductions in capital tax allowance.

LONDON branch of Price, Waterhouse, auditor, has been commissioned to help Dr Fritz Leutwiler, Swiss mediator between South Africa and the commercial banks.

NATIONAL Union of Journalists and the National Graphical Association, craft printworkers union, have reached agreement over the introduction of new technology in provincial newspapers. Back Page

SPANISH banks cut their preferential lending rates in response to lower inflation and falling demand for credit. The rate to most customers is down to 16.5 to 17 per cent.

U.S. merchandise trade deficit fell to just below $10bn (£7.1bn) in August, boosting President Reagan's campaign in Congress against protectionist legislation. Page 2

CLYDE PETROLEUM is to sell most of its U.S. assets to help finance the purchase of a £20m stake in a producing North Sea oil field. Page 10

Broken Hill Proprietary, Australian energy, resources and steel group, increased first quarter pofits by 56 per cent to A$586.4m (£289.3m), helped by currency gains. Page 11

Hurricane Gloria causes chaos on Wall Street

New York's financial markets, business and commerce were thrown into chaos early yesterday as Hurricane Gloria—the most powerful to hit the Atlantic seaboard this century—beat a path towards the city and Long Island. In an unprecedented move the New York stock exchange and most other exchanges announced they would not open for trading, writes Paul Taylor and William Hall in New York.

Emergency services in New York were put on full alert as the hurricane with winds of up to 130 mph — moved northwards at 30-35 mph after skimming the Atlantic seaboard from the Carolinas to New Jersey.

At 3.30 am Gloria was reported 90 miles south of New York City, moving north, and expected to pass across the middle of Long Island—within 60 miles of Manhattan.

After declaring a state of emergency in Metropolitan New York, the State's Governor Mario Cuomo broadcast warnings to residents and urged them to evacuate low-lying and beach front areas.

In New York City, with winds gusting up to 50 mph and torrential rain falling by breakfast time, the full force of the storm was expected to hit between 12 noon and 2pm. Transport services were severely disrupted by widespread road flooding made worse by a high tide and a full moon. Transatlantic flights were delayed or diverted.

Many office buildings, including the 110-storey World Trade Center in Lower Manhattan, were ordered closed as the hurricane approached.

In the financial markets the credit markets were closed at 10 am after the primary bond dealers announced that they would conduct no new business. However the New York Federal Reserve said it would remain open

However by early afternoon Mr Edward Koch, New York's mayor, was predicting that his city had beaten back the hurricane.

"We scared the hell out of the hurricane and it went elsewhere," said Mayor Koch. He said he was convinced that "New Yorkers can overcome anything."

There were no reports of any deaths and few injuries in the New York area but earlier reports indicated that neighbouring Long Island—where over 200,000 people had been evacuated—has suffered serious damage.

Over 200,000 homes lost their power supplies on Long Island as did another 120,000 homes in neighbouring Connecticut where the National Guard was called out to prevent looting.

The Long Island Railroad suspended operations in the morning as winds of over 100 mph and torrential rain lashed the prosperous communities along Long Island's Atlantic shore.

Meanwhile insurers prepared themselves for the consequences of the storm which some predicted could result in billions of dollars of damage claims.

General Foods and Philip Morris merge

BY TERRY BYLAND

A WEEK of frenzied takeover speculation on Wall Street ended yesterday with the announcement that Philip Morris and General Foods have agreed to merge in a $5.64bn (£3.9bn) deal, one of the largest in the U.S.

The new company will have combined world sales of about $24.2bn. Its interests will range from Philip Morris's Marlboro cigarettes, 7-Up soft drinks and Miller High Life beer to General Foods' Maxwell House coffee, Birds Eye frozen foods and other long-established brand names.

The merger will be effected by a tender offer from Morris of $120 for each General Foods share, subject to confirmation by both boards of directors, which meet on Monday. The tender offer will begin on Monday and will remain open until October 28 unless extended.

Mr J. L. Ferguson, General Foods' chairman, said his company would remain autonomous and would be committed to being the world's premier food and beverage company.

Mr Ferguson is to become a vice-chairman of Philip Morris. Five seats on the board of Morris will be offered to directors of General Foods.

Mr Ferguson said yesterday: "We are convinced that Philip Morris's offer is in the best interests of our shareholders and other stakeholders, including importantly, our employees."

It was confirmed yesterday that Morris was the mystery suitor whose unsolicited takeover offer was disclosed on Tuesday by General Foods.

General Foods would not confirm reports from Wall Street that other large companies in the world food industry had approached it. Some analysts claimed that Unilever, the Anglo-Dutch food and detergents group, may have shown interest, and it was also suggested that the General Foods' board had considered arranging a leveraged buy-out.

But the company said that in accepting the Morris bid, it had "chosen the best offer, the best opportunity."

Goldman Sachs and Shearson Lehman Brothers acted as advisers to General Foods. First Boston acted for the Morris camp.

Mr Hamish Maxwell, chairman and chief executive of Philip Morris, said the two companies would make "an excellent combination," providing continuing benefits for the Morris stockholders.

General Foods will be kept intact and it is not intended to divest any of its operations. Morris will provide support to enable General Foods to build on its existing franchises and to expand into promising and growing grocery categories.

General Foods has been one of the most heavily traded stocks on the New York stock exchange this week, as arbitrageurs and speculators built up large stakes in the equity. The stocks of both Morris and General Foods were suspended yesterday ahead of the merger announcement. Events were then overtaken by Hurricane Gloria which shut down the

Continued on Back Page
Siemens and Gould linked in Wall Street, Page 11

Pound falls sharply on EMS rumours as dollar slide goes on

BY MAX WILKINSON IN LONDON AND JUREK MARTIN IN TOKYO

THE POUND fell sharply on the foreign exchanges yesterday as a result of market rumours that Britain was about to become a full member of the European Monetary System.

The decline, which pushed the pound down 6 pfennig to DM 3.77 in London, came at the end of a turbulent week in the markets mainly dominated by a 6 per cent drop in the dollar's overall value.

The dollar's decline followed an agreement last Sunday by the U.S., Japan, West Germany, France and the UK to co-operate in bringing about a fall in the value of the U.S. currency.

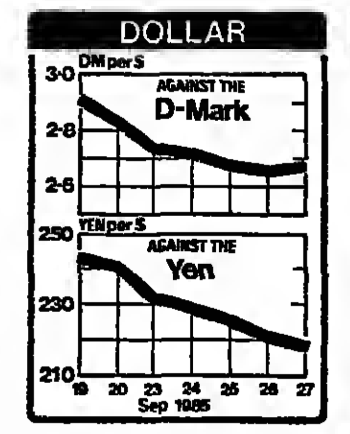
It emerged that the main concern was the dollar-yen rate of exchange, and the purpose of the agreement was to defuse the protectionist pressures in the U.S. Early in the week the Bank of Japan intervened to boost the value of its currency, spending about $1.5bn.

Yesterday the dollar continued to decline against the yen, reaching Y218.5 in London, representing a fall of 9 per cent since the end of last week. However, it rose somewhat against the pound which closed in London at $1.4065. Because of the hurricane Gloria threat, New York markets closed early in the day.

The yen continued to gain against the dollar on the Tokyo foreign exchange market as Japanese Government officials maintained their campaign of talking up its value.

Mr Noboru Takeshita, the Finance Minister, noted that the Japanese currency had gained about Y20 against the dollar this week, and added, "But I expect it to reflect Japan's fundamental economic conditions more precisely."

The Japanese markets seem to believe that the government has set a target zone of Y200-Y210 to the dollar, though officials insist that no such specific goal exists.



Yesterday's rumour that Britain would become a full member of the EMS seems to have been based on a correct interpretation of the general lines of UK policy, although it is likely that the authorities will wait for a further fall of the dollar before re-opening the issue.

British officials have suggested that they would like to see the pound slip somewhat lower against the D-mark, provided this was offset by a rise against the dollar.

The Government's policy appears to be to maintain the pound's value against a trade-weighted basket of currencies at about the present Sterling Index value of 80.5 (1975=100). That would suggest that a further appreciation against the dollar might encourage the authorities to ease domestic UK interest rates.

The need for a cut in sterling's value against the con-

Continued on Back Page
UK economy: Mr Lawson's dilemma, Page 3

Mexico likely to ask for earthquake relief loans

BY PETER MONTAGNON IN LONDON AND DAVID GARDNER IN MEXICO CITY

SR Jeus Silva Herzog, Mexico's Finance Minister, is to meet leading commercial bank creditors in New York next week, amid expectations that he will seek substantial new loans for earthquake relief.

The meeting will be the first since the earthquake last week; and since news that Mexico is not eligible to draw from its SDR 3.6bn (£4.86bn) loan facility at the International Monetary Fund because of its failure to meet economic performance targets.

Yesterday Sr Silva met Mr James Baker, the U.S. Treasury Secretary, in Washington, as well as IMF and World Bank officials, at the start of a U.S. tour designed to devise a strategy to deal with Mexico's $96bn (£68.3bn) foreign debt, in the light of the earthquake and its row with the fund.

Unconfirmed reports in Mexico City suggested that the Government would seek an emergency bank loan of $3bn, at its creditors' meeting next week. But senior bankers warned that, in the short time since the earthquake, Mexico is unlikely to have prepared any formal, detailed request.

Commercial banks are unlikely to resume lending to Mexico until it has clarified its relations with the IMF, they said, although the meeting next week might result in an agreement to defer temporarily a loan repayment of $950m that Mexico is due to start on Wednesday.

Top bankers say there remains considerable irritation at the way in which capital flight from Mexico has been allowed to swell this year.

About $4bn is thought to have left the country before the Congressional and gubernatorial elections in July. This represented money the IMF and commercial banks had loaned but which is now in private bank accounts abroad.

In spite of their sympathy for Mexico's plight after the earthquake, bankers say the country will have to show detailed evidence of its need for new money.

More time is needed to assess the country's need for emergency loans from the IMF, the World Bank and the Inter-American Development Bank. The IADB has earmarked an extra $200m in loans for health, education and drinking water projects, and is redirecting to earthquake relief $100m in agreed loans.

Emergency held from the fund, which is separate to Mexico's existing loan programme and could total $300m or more, may not be ready until the IMF's annual meeting in Seoul next month.

In Mexico, the government is being pressed by business to withhold interest payments from bank creditors abroad so as to create funds for earthquake relief. Sr Carlos Mireles, presi-

Continued on Back Page
Earthquakes add to Mexico's "red tape" headache, Page 3

Gunn resigns as chief of Exco

BY JOHN MOORE, CITY CORRESPONDENT

MR JOHN GUNN, 43, the chief executive of Exco International, the financial group he created, resigned yesterday.

The surprise announcement hit the group's share price, which closed 9p down at 188p. Mr Bill Matthews, managing director, stressed there had been no policy differences at board level.

A company statement said Mr Gunn "feels that after a happy and successful 17½ years with the company it is time for him to find a new challange for his talents outside the money-broking industry."

Mr Gunn was unavailable for comment yesterday as he was visiting friends in Switzerland. He intends to retain a shareholding in the company and has agreed to be a consultant to Exco for five years, advising the board generally, and in particular on its strategy and acquisition policy.

"Such advice is regarded by the board a being extremely valuable during a period when the structure of the financial services industry both in London and internationally is changing significantly," the group said.

In his 17 years with the group, Mr Gunn, who was earning £223,000 a year at Exco, developed it from a small money broker to a large financial services group valued on the stock market at £440m. The group now has interests in stockbroking, financial futures, leasing and fund management.

Up to now he has held 2m shares worth £3.76m.

In July he sold the group's 52 per cent stake in Telerate information service to Dow Jones and the privately-owned Oklahoma Publishing Company for £346m. The group intends to spend the money on expanding its Far East operations and its other businesses.

In the City Mr Gunn's name was being linked to several firms with which he might join forces, but so far he has not disclosed specific details of his plans. Some have suggested that he might start a venture capital business, arranging finance for small emerging companies.

Exit the entrepreneur, Page 4

MARKETS

DOLLAR

New York
DM 2.6760 (2.681)
FFr 8.1700 (8.175)
SwFr 2.1925 (2.1910)
Y218.30 (226.1)
London:
DM 2.6785 (2.66)
FFr 8.18 (8.12)
SwFr 2.1925 (2.1775)
Y218.45 (222.20)
Dollar index: 132.2 (131.6)
Tokyo close: Y220.80

U.S. CLOSING RATES*

Fed Funds 7⅞%
3-month Treasury Bills: 6.93%
Long bond: 11⅜
yield: 10.51

GOLD

New York: Comex Dec $332.9 ($332.2)
London: $328.75 ($329.25)

STERLING

New York
$1.4065 ($1.419)
London: $1.4065 ($1.419)
DM 3.7675 (3.8275)
SwFr 3.085 (3.1325)
FFr 11.5050 (11.68)
Y307.25 (316.75)
Sterling index: 80.5 (82.0)

LONDON MONEY

3-month interbank:
closing rate: 11½% (11$\frac{1}{16}$)
3-month eligible bills:
buying rate 11$\frac{1}{16}$% (11)

STOCK INDICES

FT Ord 989.6 (+10.5)
FT-A All Share 622.37 (+0.6%)
FT-SE 100 1280.7 (+9.9)
FT-A long gilt yield index:
High coupon 10.25 (10.23)
New York lunchtime:
DJ Ind Av closed
Tokyo:
Nikkei Dow 12,538.71 (−150.79)

* Thursday closing rates: other New York markets closed mid-morning

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

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WEEKEND FT

CITY GURUS

Economists reign in the City of London—gurus who are going from strength to strength. Who are they?

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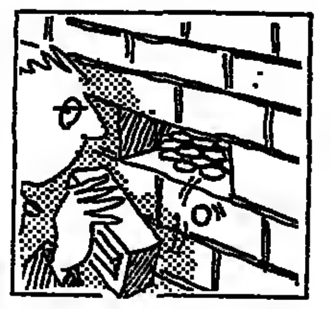

PLATINUM

The launch next week of a smaller Noble coin could not be better timed.

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STORE WARS

Competition hots up in fashion merchandising as clothes chains clamour for customers seeking a "total look."

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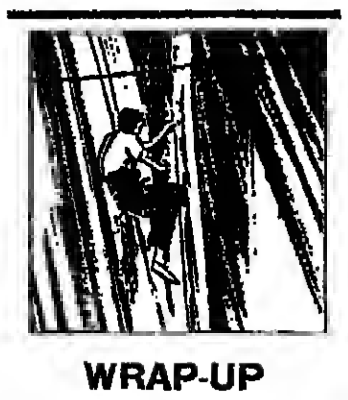


WRAP-UP

The artist Christo has wrapped the Pont Neuf, Paris, in fabric. Is it art?

Page XVII

U.S. opposes capital increase for World Bank

BY STEWART FLEMING IN WASHINGTON

THE U.S. is not prepared to make a commitment favouring a general capital increase for the World Bank, the largest international development institution. However, it recognises the need "to adapt and strengthen" the current strategy for dealing with the Third World debt, a senior Administration official said yesterday.

Briefing reporters ahead of next month's annual meeting of the World Bank and the International Monetary Fund in Seoul, South Korea, the official made it clear, however, that the U.S. was to see some $5bn of IMF and World Bank funds channelled to sub-Saharan African countries which are faced with the threat of expulsion from the IMF if they default on loans several of them are unabla to repay.

The U.S. has put to the IMF board a proposal for channelling to poor African countries some $2.7bn of repayments into the so-called IMF trust fund, and to match this with an additional $2.5bn of World Bank finance for the region.

But the details of how the World Bank funds should be assembled have not been proposed, although the U.S. is understood to have reised the question of their being jointly administered by the two lending agencies.

The public positions the Administration is taking appears to represent some hardening of the U.S. position ahead of the annual meetings in Korea in recent days.

The Administration official said there was much developing countries could still do to help themselvest grow faster by, for example, encouraging foreign private investment, cutting taxes and adopting policies designed to halt "capital flight" and attract back funds which have left the country.

Commenting on other specific issues to be discussed in South Korea, he said that the U.S. did not see that the conditions needed for a new issue of IMF reserves or special drawing righla (SDRs) had been fulfilled.

He also said that the U.S. still favoured some further reduction in the enlarged access limits to IMF resources.

Top Soviet intelligence agent defects to West

A HIGH-RANKING Soviet intelligence agent has defected to the West and is being questioned by the U.S. Central Intelligence Agency (CIA), administration officials said yesterday, Reuter reports.

The defector was identified as Mr Vitaly Yorchenko, 50, who was said to have crossed over last month in Italy, where ho had been stationed for the Soviet intelligence agency, the KGB.

The officials said Mr Yurchenko had been handing over vital information about numerous Soviet agents and that some may be "moles" working for the Kremlin inside the U.S. intelligence apparatus.

But the Justice Department, without saying directly that Mr Yurchenko had defected, denied he had indicated any CIA people were working for Moscow.

Officials also said another high Soviet military intelligence operative had fled to the west in Athens in May.

That agent, identified as Mr Sergei Bokhan, was reported to have given the West information about Kremlin infiltration into the Greek Covernment.

The officials could give no further details but yesterday's New York Times said that as a result of Mr Bokhan's defection the U.S. had delayed the planned sale of F16 fighters to Greece.

U.S. trade deficit falls below $10bn

By Stewart Fleming in Washington

THE U.S. merchandise trade deficit fell back to just under $10bn (£7bn) in August, boosting the chances of an upward revision in the third quarter "flash" estimate for real growth in the economy and providing President Reagan with some much-needed ammunition for his fight against protectionist legislation in Congress.

But economists warned that the decline in the trade deficit, which was about $3bn lower than many had been predicting, and about $600m below the $10.5bn deficit recorded in July, could be a mixed blessing.

Although it seems likely that the drag on domestic gross national product (GNP) from the traded goods sector will be less than expected and the real GNP figure in the third quarter could be higher than the 2.8 per cent predicted by the Government "flash' forecast, the more sluggish than expected import figures probably reflect the slowing pace of economic growth.

Imports in August were down $2.2bn to $27.3bn and exports were 3 per cent lower than in July at $17.4bn.

Commenting on the trade data, Mr Malcolm Baldrige, Commerce Department Secretary, suggested that next year's trade deficit could decline back to the $130bn range. Official forecasts currently project the trade deficit for 1985 at around $150bn.

Mr David Wyss, economist with Data Resources, said that he is expecting the GNP figure for the third quarter to be revised upwards because of up to date trade and inventory data and supported Mr Baldrige's view that the trade deficit could be near the point where it may begin to decline. But economists are conscious that trade figures can be unreliable.

The fact that the deficit has declined for two consecutive months since its peak of $13.4bn in June will encourage hopes that the trade deficit may be at least levelling out.

South African executives call for reforms

BY ANTONY ROBINSON IN JOHANNESBURG

A GROUP of leading executives from South African and multinational companies operating here are placing an advertisement in national Sunday and black newspapers declaring their belief in a non-violent "better way forward" for South Africa.

Tha statement, an attempt to persuade black public opinion that business is on the side of reform, is signed by 92 of the 120 chief executives asked to participate.

It calls for: The abolition of all statutory race discrimination; negotiations with acknowledged black leaders about power sharing; full South African citizenship for all; and the restoration and entrenchment of the rule of law.

"As responsible businessmen committed to South Africa and the welfare of its people we reject violence as a means of achieving change and support the politics of negotiation . . . we believe there is a better way forward . . . we support equal opportunity, respect for the individual, freedom of enterprise and freedom of movement" the statement said.

Business, it added, "was committed to pursue a role of corporate social responsibility and to play its part in transforming the structures and systems of the country towards fair participation for all."

The list of signatories includes the more outspoken and reformist business leaders like former Anglo-American chairman Harry Oppenheimer, the present incumbent Mr Gavin Relly, and Mr Tony Bloom of the Premier group and a number of chief executives who up until now have kept out of the political fray.

The list is noticeably thin on suport from the leading Afrikaner business, mining and finance houses, however, and also contains some surprising gaps, like Barlow Rand, the largest industrial holding whose chairman Mr Mike Rosbolt is a leading liberal businessman and reform advocate.

The fact that only 75 per cent of the businessmen canvassed agreed to sign, despite the deliberately bland tone and worthy generalisations in the statement which were designed to achieve broad support, reflects doubts over the effectiveness of appeals like this.

But the latest initiative is an indicator of the growing disenchantment in business circles with government economic policies and the crab-like progress of reform.

● Britain yesterday told South Africa that the only way to bring peace and stability to the country was to dismantle apartheid, agencies report.

Britain's ambassador in Pretoria Mr Patrick Moberly, acting on the instructions of Sir Geoffrey Howe, Foreign Secretary, called on South Africa's Foreign Minister Mr Pik Botha and conveyed the British government's "deep concern" at recent events there.

Ramphal urges Britain to fall into line over sanctions

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

SIR Shridath (Sonny) Ramphal, the Commonwealth Secretary-General, said yesterday that Britain was the odd man out in the Commonwealth as regards economic sanctions against South Africa.

With the exception of Britain, all the other member countries agreed on applying such sanctions and would press Mrs Margaret Thatcher, the British Prime Minister, to change her mind at the Commonwealth Heads of Government meeting, due to ba held in Nassau, the Bahamas, in the middle of next month.

The conference would provide a unique opportunity for tha Commonwealth to send "powerful signals" to Pretoria to abolish apartheid and create a genuinely democratic system on the basis of "one man, one vote."

If Mrs Thatcher refused to move on sanctions, she was honour bound to come forward with viable alternative proposals for achieving the objective of getting rid of apartheid, to which the British Government bad long subscribed.

However, nobody would be asking Britain to pull out its present investments from South Africa, estimated at £12bn. What was at stake was future action.

Though Australia had proposed that sanctions should be mandatory, Sir Sonny said he was "reasonably sure" that the African leaders would not be talking in these terms in Nassau. What they would ba suggesting would be selective economic sanctions—a proposal on which a consensus was possible, be said.

"Mandatory sanctions are wrong in terms of tactics and political realism," the Secretary-General said.

The sanctions on which the Commonwealth countries should agree, according to Sir Sonny, are much in line with those spelled out by President Julius Nyerere of Tanzania during his visit to Canada earlier this week.

They include a suspension of air links with South Africa, agricultural imports from South Africa, the buying of Krugerrands from South Africa and an embargo on future investments in and bank loans to South Africa.

Sir Sonny warned that if Britain refused to go along with the other member states on economic sanctions, it would deal a damaging blow to the Commonwealth. It could also boomerang to Britain's disadvantage in tha longer term.

Sir Sonny claimed that, in spita of the crippling damage that might be done to the economies of some of the African Frontline states by any retaliatory action which Pretoria could take, all the African countries were prepared to shoulder the cost.

Their position was made clear at the summit of Frontline states in Maputo on September 16. At this and previous meetings, South Africa's neighbouring statea had emphasised that their desire to see the international community intensify economic sanctions against South Africa was not conditional on a programme of aid for them in the event of retaliation by Pretoria.

Dr Fritz Leutwiler, the Swiss mediator between South Africa and the commercial banks, has commissioned the London branch of Price, Waterhouse, the auditing group, to provide him with the "necessary infrastructure" for his task, writes William dullforce in Geneva.

He has also called the 29 principal creditor banks to a first meeting in London on October 23. The meeting will focus on South Africa's estimated $14bn in short-term debt and the procedure to be followed in unravelling tha crisis caused when Pretoria on September 1 imposed a freeze on debt payments following the decision by soma U.S. banks not to roll over credits.

A team from Pretoria, headed by Dr Chris Stals, director general of finance and chairman of South Africa's newly formed standstill co-ordinating committea (SCC), will be in London on October 23.

However, according to a spokesman for Dr Leutwiler, it is not yet clear whether there will be any formal meeting between the South Africans and their creditors.

Emergency plan to cut EEC food stocks

BY IVO DAWNAY IN BRUSSELS

AN EMERGENCY package of measures to relieve the pressure on Europe's groaning food stores are now under discussion, the European Commission announced yesterday.

Mr Frans Andriessen, the EEC Farm Commissioner, has told members of the European Parliament that the heavy costs of storage has now forced market managers to consider a number of new schemes to dispose of stocks.

Though many of these have been tried before, the fact that so many projects should be under perusal at one time is clear evidence of the urgency with which Brussels is responding to the food glut.

Unsold beef in store is now touching 785,000 tonnes, at a cost of Ecu 450 per tonne each year or Ecu 750m (£427m) of the Ecu 20bn farm bill. Butter stocks now exceed 1m tonnes despite substantial sales at sharply reduced rates to the Soviet Union.

Moreover, despite the controversial "superlevy" charged to farmers on dairy production, tha EEC's structural surplus still accounts for some 14 per cent of the 98m tonnes of milk produced each year.

Official Community stores have been so strained by the surpluses that, in certain cases, the EEC has had to hire space in cold stores outside Community countries to house the excess.

Furthermore, the produce is ageing and hence declining in value.

Of the beef stocks, 350,000 tonnes are more than a year old, while 450,000 tonnes of butter are over 18 months old. At the same time, the new quotas on milk production have increased slaughterings of cattle, thereby increasing beef supplies, driving down prices and forcing the Commission to take more into intervention stores.

For dairy products, the Commission yesterday revealed that a number of options are under consideration. These include:

- An extension of reduced price sales of butter for the food industry, specifically expanded to include small pastry and cake-making business;
- Increased aid for cooking butter sales to alow cut-priced sales of a further 40,000 tonnes

Famine aid cut attacked by Oxfam

By Our Brussels Correspondent

EMERGENCY food aid to future famine victims in Africa could be fatally delayed if EEC member states do not reinstate a 500,000-tonne emergency food reserve, axed from next year's budget, according to a leading aid organisation.

The Community Budget Ministers were yesterday accused of being "short-sighted and heartless" for their action in cutting the necessary cash from their draft spending plans.

Mr Frank Judd, director of Oxfam, also rounded on tha European Commission for delaying emergency relief

The emergency food reserve was cut out of the budget, along with reserves for unpredictabla spending needs in Spain and Portugal, the EEC's two new members joining in 1986, when the Budget Ministers tried to keep their plans within strict limits.

Mr Judd said the reserve of 500,000 tonnes had been hacked by the EEC leaders at their Milan summit meeting, with Mrs Margaret Thatcher, the British Prime Minister, playing a leading role in the debate. Yet in the Budget Council, Mr Ian Gow, the Minister of State at the Treasury, bad strongly supported the cut.

Stalemate in U.S.-Europe steel sales talks

BY PAUL CHEESERIGHT IN BRUSSELS

EUROPEAN COMMUNITY and U.S. trade negotiators have failed so far to narrow their sharp divergences on bow to manage EEC steel sales on the American market after the end of thia year.

A second round of talks on the ahape of an agreement to replace a 1982 sales restraint accord have ended in Brussels without either side ahowing any willingness to compromise. Two rounds of further talka will take place next month with the aim of reaching a new arrangement by October 31.

M Jean-Pierre Leng, the EEC negotiator, said the U.S. had put forward figures for a level of EEC shipments to the U.S. that were "totally unacceptable."

The two rounds of talks so far have sbown that theer is no alignment of positions either on how long an agreement should last or what products should be included in it.

The EEC ia resisting demands for an all-embracing agreement which would tighten control on its steel exports, so that President Reagan's target of bringing U.S. imports down to 18.5 per cent from a 1984 level of 26.6 per cent can be met. M Leog charged that the U.S. position at the talks simply reflected the view of its domestic industry, "a powerful lobby."

U.S. negotiators are arguing for a five year agreement. This would cover the 10 products in tha basic 1982 agreement, plus a continuation of restraints on a further 11 products brought under restraint for five months last August, and new controla on semi-finished product and fabricated structurals.

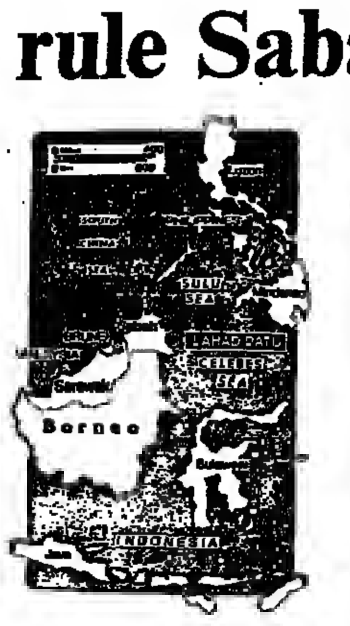
They want the agreement also to include restraints on pipes and tubes and special steels, the one subject to an agreement until the end of 1986, the other subject to unilateral U.S. safeguards.

For their part, the EEC negotiators told the U.S. that five years is too long for an agreement. European companies would be penalised compared with other shipers, they said.

Wong Sulong reports on Malaysia's little Texas

Pirates rule Sabah seas

THE EAST MALAYSIAN states of Sabah and Sarawak have emerged from the head-hunting era of not that long ago, thanks to missionary work, modernisation and its oil and timber wealth. But another of Borneo's most ancient occupations and pastimes—piracy—is alive and well, a fact vividly illustrated this week by the attack on the town of Lahad Datu on Sabah's eastern seaboard.



The sight of a score of long-haired, darkly-tanned pirates, wearing jungle greens and armed with M16 rifles and mortars, swaggering into town, evokes the image of Sabah as Malaysia's Wild East or Little Texas.

Datu Musa Hitam, Malaysian's Deputy Prime Minister, was more diplomatic when he said people ahould understand the delicate "geopolitical" situation of the area.

For nearly two hours on Monday, the Pirates, believed to be Filipinos, held Lahad Datu, a cocoa-growing town of 5,000, at ransom. They robbed two banks, including tha local branch of Standard Chartered, and an airline office. They fought a fierce street battle with the thinly-manned police force before escaping in their speedboats, but not before blasting away a merine police boat and firing a few mortars at the police station. At least 15 people were killed.

Sabah'a eastern seaboard faces the Sulu and Celebes seas, the home of some of the world's fiercest pirates. For centuries, they were effectively the only local challenge to the Spanish and Portuguese spice traders.

It was a thankful Sultan of Brunei who gave the British adventurer James Brooke a chunk of Borneo for eliminating the piratical scourge. This ushered in 100 years of the White Rajahs of Sarawak.

Today, the sealanes between Sabah and the Philippines' Sulu Islands and Indonesia'a Kalimantan, continue to provide rich pickings for the pirates

In some remote areas, pirate attacks have become a part of life, but with little wide publicity unless lives are lost or large sums of money are involved.

Malaysian police have a hard task in dealing with this menace because of lack of manpower and firepower. The long coastlina and numerous islands and swamps afford excellent shelter for the pirates.

"I would not say there ia no law and order in eastern Sabah, but I don't feel safe either," said a West Malaysian businessman, who is developing a cocoa estate at Semporna.

Suggestions that the attack on Lahad Datu is politically motivated appear a bit far fetched, but certainly the estimated 200,000 illegal Filipino and Indonesian migrants in Sabah are nervous about their future following last April's election of a Christian-Kadazan dominated state government.

Under the previous state governments, many of the illegal Filipino and Indonesian migrants were granted land and citizenship, and former Chief Minister Datuk Harris Salleh even boasted they would tilt the electoral balance in favour of the Muslim population at the next election.

Tha new Sabah Government, led by Datuk Joseph Pairin Kitingan, wants to put a brake on the influx of these illegal immigrants, but the matter is so sensitive and explosive that it can only be tackled with the co-operation of the central government.

So far, Kuala Lumpur has been lukewarm towards Datuk Pairin and is watching closely the outcome of a federal parliamentary by-election in the state next month before deciding whether to talk business with the Pairin Administration.

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Atomic agency avoids split over Israel

BY PATRICK BLUM IN VIENNA

THE INTERNATIONAL Atomic Energy Agency (IAEA) avoided a damaging split last night when a resolution proposing sanctions against Israel for its bombing of a nuclear installations in Iraq in 1981 failed to win a necessary two-thirds majority.

The U.S., the IAEA's largest single contributor, had threatened to withdrew from the agency if the resolution was passed. In the event, only 41 delegations voted in favour, 30 voted against and 14 abstained.

The U.S. and all the European Community states as well as several developing countries voted against. All the Arab countries, Iran and the Soviet Union and its East bloc allies voted in favour of the resolution.

The results were greeted with evident relief by delegates who feared that the agency would face its most serious crisis yet if the U.S. walked out. The row over Israel is now likely to diminish in intensity.

Another resolution, which does not curtail Israel's rights within the agency, was proposed by Scandinavian countries and passed on a single majority with 30 votes in favour, 21 against, and 36 abstentions. It is critical of Israel's bombing and requests it to open all its nuclear installations to inspections.

Speaking on behalf of the U.S. delegation, Mr Danny J. Boggs said yesterday that the U.S. had "long been deeply concerned by the increasing tendency to pursue debate on extraneous political issues."

"Such a debate serves only to erode the ability of the IAEA to pursue its statutorily mandated programme and does not serve interests of either the agency or its member states."

The U.S., he said, would continue to oppose any moves that limit the rights and privileges of a member state.

Earlier in the day, a resolution calling for action against South Africa was passed with an overwhelming majority with 88 votes in favour, none against and 19 abstentions.

A U.S. attempt to have a separate vote on part of the resolution which called on member states to halt all nuclear co-operation with South Africa and to stop all purchases of uranium from South Africa, was defeated.

Earthquakes add to Mexico's 'red tape' headache

BY DAVID GARDNER IN MEXICO CITY

THE TWO huge earthquakes which last week sliced into the core of Mexico City subjected the Government apparatus of Mexico's highly centralised, and de facto one party state, to a particularly severe test by destroying five ministries and a host of other public buildings.

Government in Mexico is at the best of times often a messy affair. So much so that President Miguel de la Madrid's Administration has been over the past year attempting to shear through the red tape and mountains of forms that both insulate the bureaucracy and afford lucrative opportunities for corruption.

This "Administrative Simplification" programme, and the Government's timid decentralisation efforts, one senior official believes, will now have to be sharply accelerated if Government is not now to be forced to a standstill.

At the shredded skeleton of what until last Thursday had been the Trade and Industry Ministry, for example, workers were yesterday salvaging what files and records they could.

They were only able to penetrate to the third of the ministry's eight floors, however, and on only one side of the building, which occupies a whole city block. The ministry's responsibilities include foreign trade and industrial developments, foreign investment, and domestic market regulation of everything from cars to tortilla prices.

Trade and industry was known as "the labyrinth" to many Mexican and foreign businessmen, because of its maze-like regulations.

Though the ministry quickly moved operations to the Foreign Trade Institute, a bureaucratic nightmare may ensue as a result of the records lost unless procedures are now radically streamlined. Diplomats report that some trading companies are functioning normally but that others are paralysed through lack of the requisite pieces of stamped paper.

By contrast, the Bank of Mexico emerged relatively unscathed though sited in the heart of the worst of the devastation. The central bank's highly professional team moved quickly to the offices of a state-owned commercial bank and continued operations — including the servicing of Mexico's $96bn foreign debt — almost as if nothing had happened.

The colonial National Palace, built low and wide on the foundations of the old Aztec city, which houses the Planning and Budget Ministry and the Treasury, withstood the seismic shocks. They have been partially evacuated, with little apparent disruption, because of their central location. The magnificent Diego Rivera murals on the palace's inner walls suffered only tiny cracks. The precious National Library is also safe, despite earlier reports of its destruction.

The Interior Ministry has lost key files though it will not say which. If they are immigration records, expatriates and refugees can look forward to many days of queuing; if political files have been damaged, many Mexicans will have cause for celebration.

The towering Foreign Ministry, overlooking on one side the remains of the Aztec ceremonial site known as The Plaza of Three Cultures (where some 500 student protestors were massacred by the army during the 1968 Olympic Games) and on the other a cheap state housing development where up to 2,000 are buried in the wreckage of a 13-floor block of flats, has been evacuated to a nearby annex. Though notionally in charge of post-earthquake foreign aid co-ordination, diplomats and foreign rescue teams say they deal directly with the army, police and Interior Ministry.

The Interior Ministry, the major political portfolio, has also lost key files though it will not say which. If they are immigration records, Mexico's large expatriate and refugee communities can look forward to many days of queueing. If, as one government official speculates, their political files have been damaged, many Mexicans will have cause for celebration.

Certainly the new 14-floor private building where the Interior Ministry has installed sophisticated telecommunication and intelligence-gathering equipment has been knocked several degrees off its foundations and sustained severe internal damage.

The Attorney General's Office says its files are safe, despite the comprehensive devastation of its headquarters. Complications are likely to ensue, however, from the destruction of Aseguradora Mexicana, the government's insurance brokers; unconfirmed reports say its central data bank was lost

Throughout the disaster, services like fuel, electricity and food supplies have been remarkably well maintained.

Telecommunications installations for the whole country were concentrated in the quake vulnerable centre of the capital. They have been disastrously disrupted and look like remaining so for some time.

The forces mobilised to deal with the disaster have shown Mexico's government to be musclebound and ill prepared to deal with major emergencies. The army's DN3 (or national defence three) contingency plan for natural disasters is accurately being described by locally based journalists as "do nothing three times." Mexico's relatively small army is equipped for little more than internal security and with the exception of its marines, the professional skills needed to cope with the current situation are being provided by foreign military technicians.

Referring to the army's policing role, a senior Mexican officer admitted to a Western diplomat: "That's what we are here for and that's what we are concentrating on."

The city's firemen, like firement everywhere, responded with great heroism to the disaster. But there were only 700 of them for a population of 17m, against, say, 7,000 in a GLC area with half the population.

The police, notoriously corrupt and reviled by the capital's inhabitants, have been partially pushed aside by an epic popular mobilisation to deal with the crisis. This upsurge in solidarity among the capital's downtrodden people has been seen by some imaginative commentators as "the taking of power."

In the immediate aftermath of the earthquake, the ruling Institutional Revolutionary Party opened most of its offices to displaced families. But, as one Western diplomat phrased it: "It has been exposed as a vote-gathering machine, not a machine for sensitively sorting out people's needs."

The pinnacle of irrelevance was probably reached by Sr Manuel Bartlett, the Interior Minister, who assured Mexicans on television on the day of the quake that national security was fully safeguarded, as though their prime concern was the threat of Soviet tanks emerging from the rubble.

Few top officials, of course, live anywhere near the devastated areas. It is perhaps no coincidence that President de la Madrid admitted that Mexico needed foreign aid—having earlier refused it—because he was touring one such area when the second quake ripped through it.

Meanwhile, as rescue teams continue their work with little hope of freeing further survivors, the random nature of earthquake destruction—humbling to any power structure—is demonstrated again and again. On Wednesday, seven days after Thursday morning's cataclysm, a British rescue team uncovered the operating theatre of one of the major hospitals destroyed. Two doctors and five nurses were dead, the patient on the operating table was alive.

Shaken confidence and lingering fear on the Pacific coast

BY HUGH O'SHAUGHNESSY IN LAZARO CARDENAS

ON THE Pacific coast, the part of Mexico nearest the epicentra of last week's earthquakes, fear rather than physical damage is the legacy of the cataclysm.

Fear is in the air at Lazaro Cardenas. This shabby, dusty town, whose roads have potholes big enough to engulf small cars, is a sort of tropical Scunthorpe. It is the home of Fertimex, the Mexican fertiliser complex, a brand new forging plant and, most importantly, Sicartsa, the state-owned steel works, capable of turning out a million tonnes of steel a year.

Though earthquake damage in Lazaro Cardenas is paltry in comparison to that in Mexico City — a cinema collapsed and few other buildings were damaged — people are acutely aware that the centre of the earth's recent upheaval is only a few miles out to sea. The plant at Sicartsa itself has escaped almost totally from the quakes. Sr Rene Cavez, the public affairs director at the steel works, says that production will resume in the next few days.

"The main units are untouched though some of the more delicate electronic equipment has suffered," he commented.

The earthquake has been the culmination of a very rough six months for Sicartsa. Work on relining the main furnace, started in April, was barely finished when the workforce went on strike. The strike ended on September 7 and steel production was restarted only to be halted once more on the day of the earthquake as the union declared operations to be too dangerous to continue.

Mr David Oxley is the construction manager at Sicartsa for Davy McKee, the Sheffield company which was to have provided the rolling mill for stage two of the plant's expansion. This week he sits in his office on the site completing the work needed to prevent damage and deterioration to the plant already installed, cocooning it for the time when there is money available to complete stage two. Oxley is proud that the installation at Sicartsa, supplied by Davy and German and Japanese contractors, has stood up so well to the shocks.

"We knew this was an earthquake zone and the precautions we took have proved their worth," he said.

At the NKS forging plant they are cursing the earthquake. On Thursday of last week President Miguel de la Madrid was due to carry out a grand inauguration ceremony.

"Nothing really terrible has happened here but we are all still very afraid," says a driver at the Sicartsa works. But behind the nervousness there is a determination that production will get back to normal before long.

The same mixture of nervousness and determination is to be found at Ixtapa, the new holiday resort with a dozen modern luxury hotels an hour's drive south of Lazaro Cardenas.

On the day of the first earthquake the sea drew back from the three mile long palm shaded beach then rushed forward again in a small tidal wave. At the Presidente hotel the swimming pool was filled with sand and the main guest rooms in the twore block shaken unmercifully.

"Don't park your car near the hotel, you never know what could happen," says the parking attendant at the hotel entrance. The hotel's guests have gone home or been moved to neighbouring hotels but in his basement office Sr Carlos Fernandez, the manager, is confident the hotel will be fully open for the December holiday season.

As the sun went down over the Pacific yesterday the lights went on in the tower block of the Presidente, defiantly signalling the hotel was back in business—or at least soon would be.

Austrian local council rejects $285m venture

BY PATRICK BLUM IN VIENNA

THE FUTURE of a $285m (£203m) Austrian and Japanese joint venture to manufacture integrated circuits in Austria has been jeopardised following a local council's vote against granting planning permission for the project on the grounds that it would polute the environment.

The project between Austria's Voest-Alpine, the state-owned steel, engineering, electronics and trading group, and Oki Electric Industry of Japan, announced only four months ago, was heralded as a breakthrough by the Austrian group in attracting high technology investment in Austria.

It was also expected to provide up to 1,000 jobs in a region which has one of the highest unemployment rates. But the council of Raaba, in Styria, where the plant was to be located said the planned factory would pollute the air and water and that protecting the environment was more important. The council has come under strong environmentalist pressure recently.

Voest-Alpine yesterday described the decision as "irrational" and the result of an aggressive and "ugly" campaign by environmentalists. It stressed that the company was not abandoning the project and that it had already received offers from several local authorities eager to have the factory. "We are looking for an alternative site," the company said.

It is not the first time a major project has faced obstruction on environmental grounds. Several projects have been stalled or have had to be abandoned because of environmentalist opposition, including the completed but never used nuclear power plant at Zwentendorf.

The Austrian Government is eager to attract high technology investment to Austria and offers considerable incentives to that effect. It was to provide Oki with subsidies representing about 40 per cent of the investment.

Voest-Alpine could also face trouble with the announcement earlier this week of Austrian sanctions against South Africa where the company is actively engaged.

S. Korea plans spending rise in budget

By Steven B. Butler in Seoul

THE South Korean Government yesterday proposed a mildly expansionary budget for 1986 to cope with expected continued sluggishness in the economy.

The budget, which will be formally presented to the National Assembly next month, calls for an increase in spending and revenues by 10.2 per cent, for a total of 13,815bn won (£11.3bn).

The budget is projected to equal 19.3 per cent of the gross national product, identical to this year, assuming 7 per cent real growth in 1986 with 3 per cent inflation.

The calculations also apparently assume a 7 per cent economic growth rate for this year, however, which will be difficult to achieve. Korea's economy expanded by just 3.2 per cent in the first half.

Major items for expansion include the defence budget, which will increase by 13.6 per cent to 4,309bn won.

Drought hits Florence

BY JAMES BUXTON IN ROME

THE ITALIAN Government yesterday launched an emergency plan to save the city of Florence — which has been without rain for almost four months — from running out of water.

Engineers are to build a 5 km pipeline to connect reservoirs to the city's water supply, and about 70 to 100 tanks are to be installed in the parts of Florence worst affected.

More spectacularly, the Ministry of Civil Protection is to use Canadair aircraft and CH47 Chinook helicopters, normally used for putting out fires, to transport water from other parts of Italy to reservoirs

Even though Italy switches to winter time this weekend, it is still enjoying temperatures in the 80sF, and in many parts of the country, including Tuscany, of which Florence is the capital, there has been no rain since May.

Big UK stake in nuclear reactor venture with U.S.

BY DAVID FISHLOCK, SCIENCE EDITOR

AN ANGLO-AMERICAN joint venture in nuclear reactors is being sel up in Britain to manage the design and construction of pressurised water reactors.

The company, PIVR Power Systems, will be shared equally by the National Nuclear Corporation and Westinghouse Electric.

The corporation, o consortium of companies engaged in design and construction of British reactors, includes GEC, Babcock International ond Northern Engineering Industries among its industrial shareholders.

PWR Power Systems, although not formally incorporated, has already established itself at the corporation's headquarters at Booth's Hall, Cheshire, with Mr Bruce Tait, o Briton once with Westinghouse, as managing director.

Mr Tait has recruited o team of about 40 from Westinghouse engineers repatriated to Britain, and from the NNC. No chairman has yet been named for the venture.

A £120m contract placed with Westinghouse by the Central Electricity Generating Board last year, for the primary reactor circuit of the Sizewell "B" PWR project, will be manoged by the new company, subject to government approval.

Negotiations are under way to extend this contract to a package worth about £180m by adding 14 auxiliary systems to make up the complete nuclear steam supply system.

If successful, it will give the joint venture the biggest single contract package for the £1.15bn project, Mr John Boker, the CEGB director responsible for Sizewell "B," said yesterday.

The surprising feature of the new company is the aize of the UK shareholding.

Early this year, some NNC sharoholders talked of toking a small stoke in a joint venture, with the proportion to increase with each subsequent CEGB contract for a PWR.

But opinion hardened during the summer that the NNG, as Britain's only reactor company, would seriously lose credibility if it were not heavily committed from the start to the British PWR.

The Government — as chief shoreholder in NNC, 35 per cent of the shares being held by the UK Atomic Energy Authority—has still not formally agreed to tho new company.

Nuclear physics budget warning given

A CUT of 25 per cent hy 1991 in the budget of CERN, tho European nuclear physics laboratory near Geneva, would be seen by Britain's partners in the project as "an act of scientific vandalism."

This warning was given tn Sir Keith Joseph, the Education and Science Secretary, by a group of British physicists.

Such a cut was recommended last summer by the review of high-energy particle physics research, undertaken by Sir John Kendrew for the Advisory Board for the Research Councils, which counsels Sir Keith

A meeting of 112 British particle physicists in London has concluded that the cut would leave Britain unable to get proper value from its CERN membership.

The physicists urge the government to "increase the science vote as a matter of urgency."

They welcome what they see os the very positive statements of the Kendrew report about British particle physics, but find "many of its specific conclusions illogical and unrealistic."

Shake-up of board at Westland

By Frank Kane

SIR JOHN CUCKNEY, the chairman of Westland, yesterday announced a boardroom sbake up in an effort to revive the fortunes of tho ailing helicopted company.

In addition to confirming the appointment as group chief executive of Mr Hugh Stewart—who has been acting in the position since last July—Sir John has appointed Mr Charles Verrall aa finance director.

Mr Anthony Reed bas resigned as managing director of the troubled helicopter and hovercraft division and is leaving tbe company altogetber. Dr Jeffrey Jones has also resigned as a director, hut will stay on with tbe company aa its chief development adviser.

The boardroom reshuffle follows Sir John's appointment as cbairman of Westland last June, succeeding Sir Basil Bleckwell. Sir Basil's departure came after the lapse of tbe bid for Westland hy Bristow Rotorcraft, the UK'a biggest helicopter company.

It is understood that the enrrent set of appointments has been inflnenced by the review commissioned by Westland from accounting gronp Price Waterbouse following the abandonment of the Bristow bid.

John Moore looks at the man who built up the Exco group

Exit the unpredictable entrepreneur

JOHN GUNN is one of the London financial community's most unpredictable entrepreneurs. His deals baveoften surprised and baffled City analysts. His latest move—his resignation from thefinancial services group he built up, Exco International—has left the City bewildered.

"John's a trader, a real wheeler dealer. I can't see him being interested in small companiea after running Exco," said one bemused analyst.

Gunn, 43, is the son of a Cheshire railwayman. His academic background is redbrick rather than Oxbridge: be studied languages at Nottingham University and gained a BA honours degree in German.

He gained a scholarship to Freiburg in 1962 and later spent some time in Berlin. As a student he holped East Germans to cross the Berlin wall. In Berlin he met his wife, an East German who escaped two days before tho wall went up.

In 1964 be joined Barclays Bank. He worked in the foreign exchange department in Manchester and later transferred to the foreign exchange operations in London.

In 1968 be joined Astley and Pearce, then o small money broking company, later controlled by Gerrard and National, the discount house. His career progressed. In 1979 be and other executives formed Exco to acquire the Gerrard ond National interest of Astley and Pearce.

Gunn is now leaving a company velued on the stock-market at about £440m and which employs around 1,700 people. He is a millionaire several times over.

Colleagues say Gunn is not a workaholic. He starts work at 9 am and finishes between 7 pm snd 8 pm. Outside work he has a broad range of interests, including a directorship of the English Chamber Orchestra, and be enjoys cricket, golf, tennis, pbilately snd music. One reason given for his doparture was tbat he might wish to spend more time on his outside activities.

His management style is deceptively relaxed. "Management by walking about is much maligned," be once sald. He bas allowed a wide range of businesses within the group, ranging from money broking to unit trusts, to operate with a large degree of autonomy.

Gunn hos taken an independent line to tho City revolution in London arguing that many members of the financial community do not really know wbat they are doing. Exco has been wery of participating aggressively in the financial services revolution. It has bought two brokers of modest size—Galloway ond Pearson and Walter Walker to add to its W.I. Carr (Overseas) Far East stockbroking business. The group has bought no market makers.

"We believe It is better to buy ot leisure," Gunn said recently.

In July Gunn startled the market when he casbed in the group's 52 per cent stake in the Telerate information service, gaining £346m from its sale to Dow Jones and the privately-owned Oklahome Publishing.

He said: "We have nowhere near enough management, technical and financial resources to compete and play in the really big league of information systems."

Gunn is leaving when the group is in good financial shape ond poised to move in different directions. He intends to retain a shareholding and has agreed to be a consultant tn Exco for five years, advising the board in particular on its strategy and acquisition policy.

Colleagues were saying yesterday that Gunn would be devolnping a venture capital business. Already bets are being taken on when he will bounce back into the centre of events and what business will attract his attention.

John Gunn: "not a workaholic."

Monetary specialist to head Policy Unit

BY PETER RIDDELL, POLITICAL EDITOR

THE appointment of Professor Brian Griffiths as head of the Prime Minister's Policy Unit in Downing Street is expected to be officially announced next week. He will be given the senior rank of second permanent aecretary wben be takes over in a month'a time.

His immediate predecessor, Mr John Redwood, was an under-secretary and Prof Griffiths, who is dean of the City University business school, will be two grades higher as a second permanent secretary. Apart from more money, this will mean that Prof Griffiths is on the same level as Sir Terry Burns who was preferred to him six years ago in the choice of Chief Economic Adviser to the Chancellor.

The upgrading of the post's status may be seen in Whitehall os a recognition of the expansion of the Policy Unit's role in the past two years. Its staff strength was nine following the abolition in mid-1983 of the Central Policy Review Staff.

Nevertheless, the change may make little difference in practice since the infinence nf the policy unit depends on Mrs Thatcher's willingness to accept its views and press them on ministers.

Prof Griffiths, a specialist in monetary policy, has been a long-standing supporter of the Government's approach, and advised Sir Geoffrey Howe on his statements as Shadow Chancellor before the 1979 election.

He was appointed a non-executive director of the Bank of England early last year. His writings on the moral and Christian justification of capitalism and wealth creation bave particularly interested Mrs Thatcher.

The post of head of the policy unit became vacant following Mr Redwood's selection as parliamentary candidate for Wokingham, where Sir William Van Straubenzee is retiring. Mr Redwood, who immediately resigned from the civil service on his selection, is continuing to work in Downing Street as a member of the political staff.

IRA interviews supported

BY MARGARET VAN HATTEM

SIR ROBERT ARMSTRONG, the Cabinet Secretary, yesterday came out in supoprt of newspaper and television interviews with IRA members.

At an Internotional Press Institute aeminar in London, be said that, in all too many interviews, terrorists were oble to set the framework of discussion so that they were merely allowed to grab public attention.

On the other hand, "if on interview with an IRA terrorist can be conducted with thoroughness, objectivity and ruthlessness, I think there is a great deal to be said for showing bim up for what he is," Sir Robert said.

He also said that the news media should agree to requests from the security euthorities not to publish certain information ebout terrorist incidents.

During such incidents es hijockings of hostage takings, tbe main concern of the authorities was to end the incident without loss of life, to bring the perpetrators to justice, end to demonstrate that terrorism did not pay, Sir Robert said.

"These are all objectives to which the media can subscribe," he said. "Should it not be possible for the medio to egree that they should, in principle, be willing to accept constraints on their freedom to report on at least some aspects of such incidents, while they are in progress?"

SNP warns on Gartcosh

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Scottish National Party would join any broad-based campaign of civil disobedience to prevent the removal of plant ahould the Gartcoah stoel rolling mill be closed, Mr Gordon Wilson, tho party's chairman, said yesterday.

The SNP, holding its annual conference in Paisley, identifiod itself strongly with the campaign to save the Ravenscraig steel complex and the Gartcosh rolling mill. The British Steel Corporation has announced that Gartcosh is to close with the loss of 700 jobs.

Mr Wilson told the party conference tha tonly a wholesale move by Scots towards self-government would guarantee the steel Industry in Scotland.

While reiterating party policy which rejects civil disobedience, Mr Wilson said: "If at the end of tbe day the trades unions and workforce—those who are most directly affected, not just the SNP—make a volid call on the leadership of the Scottish parties to assist in preventing the removal nf plant, then God willing, I shall be there."

Mr Wilson, one of two Scottish nationalist MPs at Westminster, said the party would use its position in a bung parliament tn benefit Scotland.

One nf the party's more immediate goals is an elected Scottish convention, to draw up a Scottiah constitution.

"Scotland's future turns on the next election. There is every indication that the SNP will, at least, be back in a pivotal position at Westminster with more MPs."

Tho party, wbich baa bad a number of local government by-election successes recently, needed only a few more such victories to break through the credibility barrier once more, Mr Wilson said.

"When we are seen to be on the winning trail, people will flock to vote SNP on a major scale. And lbia time, the wave of support will take us home to freedom."

BBC to step up radio for E. Europe

By David Buchan

THE BBC hopes to increase its radio audience in Poland, Hungary and Czechoslovakia, by broadcasting with a stronger signal and at more convenient times, from this weekend.

Taking advantage of new, 500 Kw transmitters at Rampisham in Dorset, the BBC External Services are dropping weekday broadcasts in Polish, Hungarian, Czech and Slovak, but extending them in the evenings and at weekends. This coincides with increased competition from Voice of America, which plans to spend $1.5bn (£1.08bn) on new equipment world-wide between 1983 and 1990.

The BBC claims 10m listeners to broadcasts in the four languages.

Longer weekend transmission and the likelihood of better reception, "should attract more listeners — even in Poland, where the Soviets are still jamming us on short wave," said Mr Peter Udell, head of the BBC's central European service.

The official eastern European media have made much of the recent revelations of British security vetting of BBC personnel.

Site Guard

SITE security services provided by a Site Guard night security officer at a typical large scale retail building development cost about £350 a week, a report in the Security Industry survey on Friday, September 13, should have stated.

Liverpool council votes to sack its 31,000 workers

BY NICK BUNKER

LABOUR councillors in Liverpool yesterday staved off imminent insolvency by voting to sack temporarily all 31,000 council workers.

A turbulent town hall meeting decided by 46 votes to 35 to send out at once 90-day redundancy notices.

Mr Tony Byrne, the city's finance committee chairman, and Mr Michael Reddington, the city treasurer, believe this will allow the city to borrow again, largely from foreign banks.

If dismissal notices were not sent out, the Labour-run council would expect to run out of money to pay wages next week. By sending out the notices, councillors would not have to pay wages beyond December 30, thus releasing extra cash.

Labour councillors are demanding permission from Mr Kenneth Baker, the Environment Secretary, to borrow £25m to help bridge a budget deficit of about £80m for this year.

The council incurred the deficit after voting in June for a budget of £265m, about £43m above the Government's target figure for Liverpool spending,

Michael Reddington, Liverpool city treasurer: confident of being able to borrow again.

and then fixing a rate increase of only 9 per cent.

The decision to send out dismissal notices hit an immediate technical snag because branch officials of the National and Local Government Officers Association told members not to process the notices.

Labour councillors were confident they could send out the notices even without Nalgo's help.

Mr John Hamilton, leader of the Labour group, said he had no "personal knowledge" that the redundancy notices had been secretly stored in council depots for several weeks, as claimed in local press reports. He denied that the city would use non-Nalgo staff to send out the redundancy notices over the weekend.

Labour pledged in its council motion yesterday to reinstate all 31,000 employees by April 1. The move, amounting to a three-month lay-off of all staff, is designed to give an opportunity during the 90-day notice period for new negotiations with the Government.

Mr Hamilton said it would be the Government's fault if council services were halted in January because staff became redundant.

He said: "If we don't win the fight in 90 days, Liverpool will be plunged into the depths of poverty and disaster. The responsibility lies on the shoulders of the Cabinet and 10 Downing Street."

Pirelli General to invest at Aberdare

BY JAMES McDONALD

PIRELLI General, the cable manufacturer, is to make an investment worth "well over £10m" at its cable factory at Aberdare, Mid-Glamorgan.

A new unit will make plastic insulated and sheathed general wiring cables, using advanced techniques and computer integrated systems.

The Aberdare plant is now a special cables unit but its machinery is being transferred to the new special cables division factory just completed at Bishopstake, Hampshire, the company's base.

To convert the existing factory and complete the transfer of the special cables plant, production will stop at Aberdare early next year and the 70 workers will lose their jobs between October and February next year. The new general wiring cable, to start operation in 1987, is expected to create about 150 jobs

Virgin Atlantic cuts New York fare

By Lisa Wood

VIRGIN ATLANTIC, the cut-price airline, is seeking approval for a £129 one-way standby fare between London and New York.

The fare would be £10 cheaper than Virgin's existing standby fare. The application resembles the company's action last year, when it reduced the fare for the autumn and winter period.

Virgin denied yesterday that the move was in response to a British Airways decision to offer a £149 standby to New York and Boston for a limited period between late summer and the end of October.

Virgin said: "We already offer a cheaper standby fare than British Airways on the route."

The company said that throughout the summer the flight had been 99.9 per cent fully booked, and advance bookings were also very encouraging.

● The British Airports Authority's seven airports handled 5.8m passengers in August. This made it their busiest month ever, and 6 per cent up on August last year. Heathrow's overall rise of 6.6 per cent included growth of 5.3 per cent on domestic routes and 3 per cent in North Atlantic traffic.

The most buoyant market was Europe, up 12 per cent, which contributed three quarters of Heathrow's total growth during the month.

BSA warns of dangers in cutting mortgage aid for jobless

BY CLIVE WOLMAN

GOVERNMENT proposals to cut mortgage payment assistance to the unemployed would lead to periodic collapses in the housing market and make it impossible for many families to buy their own home, the Building Societies Association claims.

The association yesterday published a detailed response to the Government's Green Paper review of the social security system of last June.

The current supplementary benefit scheme, which meets all the mortgage interest payments of a claimant, was criticised in the paper for being too generous to the unemployed, at the expense of lowly-paid employees who receive no such assistance. The payments create a disincentive to return to work, the Green Paper said.

The BSA says supplementary benefit "provides some underwriting to the housing market as a whole." In other countries, many borrowers suffering from a recession, or lack of work, have been unable to repay their loans and have been forced to sell their houses. Such selling pressures "would possibly lead to a slump in property prices, certainly locally, and possibly nationally as well," says the BSA.

In addition, any cut in supplementary benefits for mortgage payments would force building societies to tighten their lending criteria. The most likely effect, says the BSA, would be to make societies less willing to grant loans amounting to 90 per cent or more of the value of the property. This would harm first-time buyers in particular. House purchasers whose employment position was not fully secure might not be able to get a loan at all under such a system.

The association is doubtful whether redundancy insurance could be a substitute for the state guarantee. Insurance might not be available where it was most needed, and generally the premiums would be prohibitively expensive.

The BSA also criticises a proposal that supplementary benefit payments to cover mortgage interests should not be paid in the first six months of unemployment. This would mean that building societies might have to defer and roll up the interest payments due in that period. However after the six-month period, borrowers might have difficulty in repaying the accrued interest.

Any reduction in help with mortgage interest payments would be unjust, the BSA claims, to owner-occupiers because tenants would still receive full reimbursement of their rents as part of an income support scheme under the Green Paper proposals.

Average house price up 3.4%

FINANCIAL TIMES REPORTER

HOUSE PRICES increased by 3.4 per cent in the third quarter of this year compared with the previous quarter, according to Abbey National Building Society. The average price of a home was £33,660 compared with £32,551 at the end of June.

Prices went up throughout Britain, with those regions that have had subdued recent quarters leading the rises in the last quarter, the society said.

Yorkshire and Humberside had the largest rise of 5.4 per cent to £25,331, followed by Northern England with 5.2 per cent to £23,871. Some catching up has taken place in some areas in which average prices have fallen well below the national average of £33,660.

House prices rose 4.3 per cent in East Midlands to £27,014 and 3.7 per cent in East Anglia to £34,326. Along with the 5.4 per cent rise in Yorkshire and Humberside these reveal a strong price recovery in Eastern England.

Abbey National reported a below average rise in Greater London of 2.7 per cent. This increased the capital's average house price to £46,503. The increase, although below the national average for the quarter, keeps Greater London as the area with the largest price increase over the last 12 months—11.6 per cent.

The South-east, with 11 per cent, and East Anglia, with 10.7 per cent, are the only other regions with a double figure percentage rise since the third quarter of 1984.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread: UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 30.8.85 (12) base=100
	as at close of business on Monday 23rd September 1985					*as at 30th August 1985*					
	CAPITAL & INCOME GROWTH										
396	Alliance Trust	Independently managed	615	4.2	787	42	45	7	6	90	262
96	Bankers	Touche, Remnant	93	3.8	113	42	29	9	10	106	280
225	Border & Southern	John Govett	158	3.0	209	61	15	13	11	106	237
70	Brunner	Kleinwort Benson	72	4.4	94	44	34	5□	17□	97	254
81	Charter Trust & Agency	Kleinwort Benson	77	4.2	100	65	22	9	4	97	254
121	Continental & Industrial	Schroder Inv. Man.	613	4.7	707	64	30	2	4	96	255
489	Edinburgh Investment (w)	Dunedin Fund Managers	110	3.7	142	53	30	7	10	104	263
518	Foreign and Colonial	Foreign & Colonial	61	3.3	82	43	33	14	10	106	254
746	Globe	Electra House Group	279	5.1	363	66	24	6	4	103	244
282	Philip Hill	Philip Hill	250	5.5	291	72	26	–	2	94	243
9	Jos Holdings	Kleinwort Benson	123	4.1	138	80	12	3	5	96	267
34	Keystone	Warburg Inv. Man.	368	3.9	467	56	21	11	12	106	†
30●	London & Strathclyde	Gartmore	169	2.0	186	60	30	1	9	99	253
42●	Meldrum	Gartmore	163	4.3	209	83	12	5	–	94	293
95	Outwich	Baring Brothers	133	3.2	172	65	15	11	9	103	238
111	Raeburn	Lazard Brothers	310	4.5	404	57	32	5	6	94	244
78	River and Mercantile	River & Merc. Inv. Man.	136	5.8	161	52	38	7	3	96	259
39	River Plate & General (w) △	Tarbutt & Co.	216	5.0	247	78	14	–	8	94	219
36	S. & P. Ret. of Assets (w) △	Save & Prosper Group	94	1.2	100	80	20	–	–	159	†
350	Scottish Mortgage	Baillie, Gifford	358	3.0	454	49	26	16	9	103	268
194	Scottish National	Gartmore (Scotland)	221	2.9	282	57	27	8	8	98	248
131	Second Alliance	Independently managed	523	4.4	673	40	46	7	7	92	261
449	TR Industrial & General	Touche, Remnant	142	3.5	195	50	23	18	9	103	220
372	Witan (w)	Henderson	147	2.7	193	58	25	11	6	107	285
	United Kingdom										
11	City of Oxford	Hambros Bank	234	4.4	266	99	1	–	–	101	251
35	Fleming Claverhouse	Robert Fleming	270	4.7	345	100	–	–	–	100	279
89	Shires (w)	Stanecastle Assets	206	9.1	210	82	15	2	1	60	196
113	TR City of London	Touche, Remnant	90	6.2	110	90	10	–	–	101	265
90	Temple Bar	Guinness Mahon Inv. Man.	124	5.8	156	98	2	–	–	95	281
	CAPITAL GROWTH										
	General										
202	Anglo-American Securities	Morgan Grenfell	265	3.1	342	46	37	13	4	104	†
52	Ashdown	Schroder Inv. Man.	128	3.3	156	63	25	8	4	95	234
163	Atlantic Assets	Ivory & Sime	108	0.7	132	31	67	–	2	99	237
62	Electric & General	Henderson	269	1.9	341	49	35	10	6	96	276
23	Greenfriar (w)	Henderson	242	0.9	252	65	17	9	9	110	349
	International										
69z	Berry	GT Management	163	0.9	190	52	24	7	17	109	297
98	English & New York	Kleinwort Benson	103	3.5	117	9	49	12	30	101	239
70	English & Scottish	Gartmore	73	2.5	84	44	20	12	24	88	243
17	F & C Eurotrust	Foreign & Colonial	135	1.8	143	5	–	–	95	98	242
183	Fleming Overseas	Robert Fleming	104	3.8	138	8	50	16	26	95	245
80	Fleming Universal	Robert Fleming	280	2.6	367	14	51	13	23	98	231
57●	Gartmore Inform. & Fin. (w)	Gartmore	43	3.7	58	51	49	–	–	116	216
24	Group Investors (w)	C S Investments	235	2.6	279	50	44	2	4	93	292
122	Hambros (w)	Hambros Bank	159	3.8	201	52	38	4	6	107	229
162	Investors Capital Trust	Independently managed	215	2.5	254	35	39	15	11	101	224
16●	London & Gartmore	Gartmore	247	1.4	284	40	45	1	14	94	251
9	Mid Wynd International	Baillie, Gifford	160	1.9	170	22	35	13	30	95	†
140	Monks	Baillie, Gifford	139	2.5	160	32	30	24	14	96	245
181	Murray Growth	Murray Johnstone	115	1.7	117	42	41□	9	8	95	257
74	Murray Smaller Markets	Murray Johnstone	182	2.0	226	19□	9□	15□	57	102	271
–	Nordic △	GT Management	48	–	51	14□	–	–	86	89	†
58	North Atlantic Securities △	Morgan Grenfell	250	1.8	299	–	59	28	13	98	†
113	Northern American	Dunedin Fund Managers	235	3.3	315	25	39	24	12	93	238
28	Northern Securities	GT Management	160	1.8	201	60	23	4	13	116	263
92	Romney	Lazard Brothers	233	2.9	309	34	38	13	15	95	246
235	Scottish Eastern	Martin Currie	81	3.5	104	57	23	11	9	109	244
327	Scottish Investment Trust	Independently managed	278	2.8	327	39	37	12	12	103	231
68	Trans-Oceanic	Schroder Inv. Man.	146	3.3	187	41	39	12	8	95	231
70	Tribune	Baring Brothers	110	3.0	136	48	28	13	11	90	272
192	U.S. Debenture Corp.	GT Management	205	4.5	256	58	26	8	8	103	232
	North America										
131	American	Edinburgh Fund Mgrs.	121	3.5	149	26	74	–	–	100	228
132	Edinburgh Amer. Assets	Ivory & Sime	101	0.6	120	23□	72	1	4	110	279
113	Fleming American	Robert Fleming	422	1.8	535	1	99	–	–	91	234
28	Gartmore American Secs.	Gartmore	102	2.8	133	27	61	6	6	96	274
132	Stockholders	John Govett	115	3.1	148	24	75	–	1	97	205
76	TR North America	Touche, Remnant	82	3.2	103	7	93	–	–	111	248
	Far East										
25	Drayton Far Eastern (w)	MIM	121	1.3	142	5□	–	57	38	97	214
95	F & C Pacific (w)	Foreign & Colonial	128	1.4	168	13	23	36	28	101	204
150	Fleming Far Eastern	Robert Fleming	77	1.9	98	2	–	68	30	99	240
153	Lake View	John Govett	130	2.6	164	16	–	61	23	104	222
5	New Australia △	Edinburgh Fund Mgrs.	83	0.7	104	23□	–	–	77	77	†
11	Pacific Assets (w)	Ivory & Sime	84	–	82	44□	–	–	56	63	†
47	Pacific Investment (w) △	Thornton & Co.	76	0.7	93	8	–	54	38	99	†
33	TR Australia (w)	Touche, Remnant	83	3.5	107	8	–	–	92	89	212
103	TR Pacific Basin (w)	Touche, Remnant	112	1.3	139	5	1	72	22	93	257
	Japan										
26	Baillie Gifford Japan (w) △	Baillie, Gifford	222	0.3	249	–	–	100	–	89	†
7	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	43	–	46	1	–	99□	–	40	†
53	Crescent Japan	Edinburgh Fund Mgrs.	127	0.9	147	–	–	100	–	103	379
123	Drayton Japan	MIM	366	0.8	445	3	2	94	1	100	237
75	Fleming Japanese	Robert Fleming	405	1.4	484	3	–	97	–	95	256
52	GT Japan	GT Management	120	1.7	131	15□	3	78	4	108	351
44	Japan Assets (w)	Ivory & Sime	47	0.2	53	31□	–	69	–	86	†
41	New Tokyo (w)	Edinburgh Fund Mgrs.	175	0.8	189	–	–	100	–	86	†
	Commodities & Energy										
6●	City & Foreign	MIM	113	–	141	11□	89	–	–	90	212
–	New Darien (w)	Hodgson Martin	64	0.7	71	31	61	–	8	90	†
16	Precious Metals △	J. Rothschild	121	0.6	134	6□	60	1	33	88	†
88	TR Natural Resources	Touche, Remnant	211	5.1	278	38	38	–	24	94	174
	Comm. & Energy (Cont.)										
38	Viking Resources	Ivory & Sime	63	2.6	97	53	47	–	–	97	121
13	Wemyss	Edinburgh Fund Mgrs.	822	5.7	598	40	32	–	28	93	173
25	Winterbottom Energy	Baillie, Gifford	85	1.2	100	7□	69□	14	10	76	154
	Technology										
10	Baillie Gifford Tech. (w)	Baillie, Gifford	74	1.6	88	48	47	2	3	54	†
63	Fleming Technology	Robert Fleming	122	2.7	159	46	34	16	4	93	219
85	Independent	Ivory & Sime	258	0.3	302	36	60	–	4	93	†
271	TR Technology	Touche, Remnant	81	3.0	112	43	42	12	3	104	233
	INCOME GROWTH										
247	British Assets	Ivory & Sime	209	4.8	260	49	50	–	1	96	273
163	Drayton Premier	MIM	417	5.0	524	69	20	8	3	93	217
105	First Scottish American	Dunedin Fund Managers	258	5.0	331	80	12	7	1	95	279
56	General Consolidated △	Philip Hill	250	5.7	294	65	32	–	3	91	262
26	Lowland	Henderson	89	3.5	100	91	6	–	3	102	400
127	Merchants	Kleinwort Benson	93	5.8	121	57	26	6	11	90	245
126	Murray Income	Murray Johnstone	118	6.5	140	76	12□	–	12	102	314
205	Murray International	Murray Johnstone	121	5.3	135	39	45□	8	8	90	275
141	Securities Trust of Scotland	Martin Currie	122	4.7	155	57	27	11	5	109	265
	SMALLER COMPANIES										
37	English & International (w)	MIM	119	4.2	152	61	27	7	5	107	240
54	F & C Alliance	Foreign & Colonial	80	3.0	105	50	31	13	6	103	244
13	Family	Kleinwort Benson	218	4.8	285	96	2	–	2	95	284
8	First Charlotte	Ivory & Sime	11	0.7	11	95	5	–	–	97	†
17	Fleming Fledgeling	Robert Fleming	105	3.4	135	71	25	3	1	94	248
26	General Stockholders	John Govett	137	2.7	175	50	48	1	1	100	193
51	Glasgow Stockholders	Gartmore (Scotland)	110	2.8	130	48	35	4	13	98	240
25	London Atlantic	Investors in Industry	158	5.5	205	70	16	–	14	93	227
16	Moorgate	Philip Hill	293	5.6	337	93	2	–	5	90	295
16	North British Canadian	Investors in Industry	180	4.9	244	93	5	–	2	102	246
47	St Andrew	Martin Currie	105	3.8	136	57	28	12	3	94	260
170	Scottish American	Stewart, Ivory	246	3.4	304	52	34	6	8	92	239
32	Smaller Companies Int.	Edinburgh Fund Mgrs.	64	2.7	81	52	34	14	–	90	265
178	TR Trustees Corp.	Touche, Remnant	136	4.0	179	66	27	6	1	111	235
187	Throgmorton (w)	Throgmorton Inv. Man.	232	4.6	284	88	10	1	1	114	291
	SPECIAL FEATURES										
57	Ailsa △	J. Rothschild	92	2.8	110	46	25	17□	12□	96	†
12●	Consolidated Venture (w)	MIM	94	1.3	120	8□	92	–	–	92	224
132●	Drayton Consolidated	MIM	290	4.6	381	71	22	4	3	95	201
19	Edinburgh Financial (w)	Stanecastle Assets	40	3.2	41	82□	8	6	4	123	†
33●	Fleming Enterprise	Robert Fleming	268	4.5	330	99	1	–	–	89	271
240	Fleming Mercantile	Robert Fleming	113	3.8	155	54	29	6	11	100	245
18	GT Global Recovery △	GT Management	120	2.4	142	71	20	–	9	111	†
44	Murray Ventures (w)	Murray Johnstone	283	2.8	363	80	11	7	22□	89	265
75	Nineteen Twenty-Eight △	London & Manchester	159	3.1	201	94	6	–	–	95	227
7●	Stewart Enterprise (w)	Stewart, Ivory	37	1.5	46	57	28	9	6	90	†
88	TR Property	Touche, Remnant	142	3.6	182	68	19	3	10	99	214
	SPLIT CAPITAL (x)										
21	Altifund 86/88	Gartmore	503	0.1	573	96	2	–	2	89	289
2	Child Health 87	Thornton & Co.	280	–	303	49	8	22	21	115	273
35	City & Commercial 88/93	MIM	571	–	828	87	6	6	1	110	278
30	Dualvest 85/87	MIM	1130	–	1296	91	8	1	–	107	260
28	Fundinvest 85/90	MIM	312	–	380	86	7	6	1	107	262
2	Marine Adventure 88	Thornton & Co.	180	–	200	52	6	21	19	117	†
33	New Throg. (1983)(w) 08	Throgmorton Inv. Man.	30	–	103	100	–	–	–	158	†
31	S. & P. Linked 95/97	Save & Prosper Group	285	–	539	100	–	–	–	120	285
†	Throg. Secured Growth –	Throgmorton Inv. Man.	284	–	†	†	†	†	†	†	†
78	Triplevest 87/91	MIM	760	–	1067	88	11	1	–	112	245

NOTES TO THE TABLE

† No data.
* Applies to Ordinary/"A" Ordinary only.
a Does not include special dividend.
□ More than one quarter in non-equity investments.
(x) Capital shares and winding-up dates.
z Incorporates recent revaluation of unlisted investments.
ac Adjusted for scrip issue.
ar Adjusted for rights issue.
(q) Published quarterly.
(w) Company has warrants or options in issue.
● More than 20% in securities or other assets included at directors' valuation.
△ The Trust has provisions for a limited life. Please refer to the company for further information.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'More for your money.'

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	247
F.T.-Actuaries All-Share	274
* Standard & Poors Composite	316
* Tokyo New Stock Exchange	352
* Capital International World	297

+ Excludes split capital.
* Adjusted for exchange rate changes.

UK NEWS

Big rise in holiday bookings for Spain

By Arthur Sandles

A REMARKABLE increase in the number of Britons booking to visit Spain this winter has been reported by Sol Hotels, Spain's biggest hotelier and supplier to the UK inclusive tour market.

The revival in package tour traffic in recent weeks is carrying on well into 1986, according to present booking trends. "The bigger operators have already sold more than half their allocations for February and March," said Sr Juan Caldentey, deputy managing director of Sol Hotels.

Sol Hotels has 92 properties and is used by almost every big tour operator in the UK.

Sr Caldentey confirmed that although the late recovery in the past summer had been welcome, it had not changed a bad season into a good one. "Holidays sold well in August and September, but rooms were discounted and there were special offers," he said. Spain had seen perhaps 1m fewer Britons in 1985 than in the previous year.

All the indications now, however, are that there is a rush *back to Spain*.

Sr Caldentey said an improved UK economy, the strength of sterling against the peseta, lowered margins for hoteliers, *airlines and operators, and* the poor British summer of this year were all contributing to optimism for next year.

● At least half Thomson Holidays' prices for *summer 1986*, to be announced next week, are likely to be lower than this year.

The operator is also likely to offer substantially more Greek *holidays*, with a separate programme enabling it to compete directly with specialists such as Sunmed and Olympic.

Thomson's launch, with brochures in travel agencies on Thursday, will be followed by that of Horizon, which has just announced a management reshuffle after two years of falling market share, and Intasun.

For the past three years Thomson's battle with Intasun (International Leisure) has verged on bitterness, with Thomson reacting sharply to Intasun's low pricing. The battle has been blamed for casualties among smaller operators. This week 36 of the *360 companies* scheduled to renew their tour operating licences with the Civil Aviation Authority failed to do so.

Margaret van Hattem looks at issues likely to divide delegates at Bournemouth

Storm clouds gather for Labour's leaders

AS LABOUR conference delegates head for Bournemouth this weekend, the general feeling is that they are in for a week of bitter wrangling which will do neither the party nor its leader, Mr Neil Kinnock, much good.

Mr Kinnock will almost certainly be defeated on the issue of reimbursing the miners for funds seized during the coal dispute. The move may not get the two-thirds majority needed to make it a firm party commitment, but it will probably get a majority. Many will interpret this as a sign that Mr Arthur Scargill, the NUM president, has the upper hand, although Mr Kinnock might disagree.

The party also faces a stormy row over the stand taken by the Liverpool Council, whose Militant leaders are *likely* to be prominent on the fringes of the conference; and over the issue of black sections. Both issues are likely to provide a focus for left-wing discontent with the party leadership.

So, at the outset, it looks like a challenging week for Mr Kinnock and his supporters in which all their skills in stage management and damage limitation will be tested. In this, they could do better than is generally expected.

To begin with, the latest opinion polls could *have* a sobering effect. These show Labour once again slipping back with the Alliance parties forging ahead. Since the polls were not *taken* in time to reflect the full impact of the Alliance party conferences—generally held to have been *successful*—these underline the fact that Labour is doing extremely badly at this stage of a Parliament for a party trying to assert itself as the main party of opposition, let alone the next Government.

Miners' leader Mr Arthur Scargill, left, and GLC leader Mr Ken Livingstone, right, who will join the fray next week with Labour Party leader, Mr Neil Kinnock.

Mr Kinnock's main theme throughout the week is likely to be the need to win power if the changes sought by the Left are to have any chance of being implemented. After the latest poll findings, Mr Tony Benn *could have* an *uphill struggle* in advancing his argument that the miners' strike and the Liverpool Council revolt have increased public support for the *Left, as* well *as unifying* the Left within the party.

Secondly, the split within the Left between opponents and supporters of the party leadership shows *no signs of narrowing*. It is interesting to note the line-up of speakers for the two fringe events traditionally the highlight of the week for the Left—the Tribune rally and the Labour Herald rally.

These usually have a large number of speakers in common. However, the defection of Mr Ken Livingstone from the Labour Herald group means that for the first time since the paper's founding, he will not be among the star performers at this event. The honours go to Mr Arthur Scargill, Mr Dennis Skinner, and Mr Ted Knight.

The Tribune rally appears likely to be a milder affair, with Mr Livingstone sharing a platform with Mr Peter Heathfield, Miss Jo Richardson, and Mr Tony Banks. Only Mr Tony Benn and Mr David Blunkett are listed to appear at both.

On the three issues which look like being the most contentious, Mr Kinnock also has several advantages. While he appears resigned to defeat in the vote on reimbursing the miners on Wednesday, much of the sting could be taken out by the adoption, on Tuesday, of a national executive committee resolution on trade union legislation, which could commit the party to "formulating a policy" on reimbursement.

This clause, deliberately *inserted* to keep the issue open regardless of the outcome of next Wednesday's vote, was somewhat surprisingly supported by most of the Left at last Wednesday's NEC meeting. It may not do much to minimise the harmful publicity of a defeat for Mr Kinnock, but it will give him a year at least to get the decision reversed.

The Liverpool Council issue and the black sections argument have far less steam behind them. The lack of union support for the tactics adopted by the Liverpool councillors has become increasingly evident and the charges of "irresponsibility" appear to be mounting, not least among Labour councillors from other hard-hit regions, who have had to bite the bullet on rate-capping and prune their budgets.

The campaign for special sections for black members has always been strongest in London, and, though it has attracted the support of a growing number of constituency parties, appears to have had little impact among MPs and trade unionists.

Far more central than any of these issues to Labour's chances of winning the next election will be the credibility of its economic policies—including its relations with the trade unions and *its approach* to unemployment—and its defence policy.

Any compromises in these areas are likely to be far more painful and divisive for the party than the *rows over* black sections, council tactics or reimbursement. *However*, they do not appear likely to figure prominently at this year's conference, *which suggests* that, however uncomfortable and embarrassing for the Labour leadership the next week may turn out, it may also be eminently forgettable.

Fleet savings guaranteed

BY JOHN GRIFFITHS

INTERLEASING, the business vehicle fleet management company, is entering *year-long* agreements with three user companies under which it will net be paid if it fails to achieve the savings it promises.

Mr Neil Pykett, sales and marketing director, said the strategy was being tried as a result of the scepticism of fleet operators about the savings offered by contracted fleet management.

The business is based on what the management company says is its expertise in buying and *disposing* of vehicles and tight, computer-monitored controls of service and repair costs.

Mr Pykett said: "The not unreasonable attitude is frequently taken that cost savings *should be guaranteed before* a company should consider signing a contract."

"So we have put together a package that acknowledges that no payment will be made if we do not achieve what we set out to do. If we do, then a percentage share of the savings will be paid retrospectively.

He *said* other companies would be approached on the same basis, although the scheme would be uneconomical for fleets of fewer than 100 vehicles.

The hulk of *Interleasing's* business remains in contract hire, involving 15,000 cars and light commercial vehicles.

VAG (UK) opens distribution base

By John Griffiths

VAG (UK), the Lonrho-owned Volkswagen/Audi importer, has opened a £4m distribution centre near Ramsgate, Kent, which nearly triples, to 7,000, its capacity to handle imports into southern England.

The 50-acre site will process 55 per cent of VAG's imports.

The company, which is fourth in the British new car sales league table and is the top foreign-based importer, said the previous facility had been unable to cope with required increases in volume.

ECONOMIC DIARY

MONDAY: Mr Peter Walker, Energy Minister, opens Energy Efficiency Year campaign. Figures for August credit business, and for retail sales (August—final). Lord Mayor of London elected, Guildhall. GATT contracting parties meet to discuss U.S. bid for new round of trade talks, Geneva. Skandinaviska Enskilda Banken publishes report on Swedish economy. U.S. August leading economic indicators.

TUESDAY: EEC Foreign Ministers meet in Luxembourg.

WEDNESDAY: International Monetary Fund annual meeting opens in Seoul (until October 11). OPEC market monitoring committee and executive council hold separate meetings in Vienna. Capital issues and redemptions (during September). Quarterly analysis of bank advances (mid-August). UK official reserves for September. Advance energy statistics for August.

THURSDAY: OPEC extraordinary ministerial conference opens, Vienna. Unemployment and unfilled vacancies for September. Housing starts and completions in August.

FRIDAY: August final figures for car and commercial vehicle production. Second quarter final figures for finished steel consumption and stock changes. U.S. September unemployment figures.

LABOUR NEWS

Employers hint at backing for teachers' claim

BY DAVID BRINDLE, LABOUR STAFF

THE EMPLOYERS may negotiate a settlement of the teachers' pay dispute in England and Wales regardless of ability to finance it, the acting leader of of the management side has indicated.

Following the rejection by Mrs Margaret Thatcher, the Prime Minister, of his request for a meeting to seek extra funding, Mr John Pearman said yesterday he did not consider "outlandish" the unions' expectation of a settlement of more than 7 per cent.

In an interview on BBC Radio, he said: "I think, if necessary, we will have to tell the teachers what we would be prepared to pay them this year and I think it is then up to both of us to go and tell the Government that the money is needed to *allow that to happen*."

Claiming it was "the height of political irresponsibility" for Mrs Thatcher to reject a meeting, Mr Pearman said he believed *public* opinion and pressure from parents of schoolchildren would ultimately force a change of heart.

The Prime Minister's reaffirmation that no extra funding would be available for teachers' pay this year was criticised by Mr Giles Radice, Labour's education spokesman.

He said the gap between the employers' resources and the unions' expectations was "not great."

However, the Government's firm re-statement of its position does appear to have doused—if not quite extinguished—hopes raised on Thursday by the Labour-led Association of Metropolitan Authorities' move to favour a no-strings pay deal.

It remains unclear whether the employers as a body will adopt the same *line* when they meet next Friday. The SDP-Liberal Alliance representatives among them, who may be crucial to the voting, are thought *to be unhappy* at being forced by Labour into a policy change.

● The National Association of Head Teachers has deferred until at least next Wednesday the planned implementation of a so-called "Continental" school day in London schools, following talks with the Inner London Education Authority.

Bifu to ballot on Midland Bank retirement plan

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE BANKING Insurance and Finance Union is to ballot members in the Midland Bank's sensitive computer centres in support a series of one-day strikes in favour of maintaining the retirement age for men.

The union says a "yes" vote in the ballot could mean closure, or at least severe disruption, of all the bank's services.

Union members are alarmed at a decision by Midland to reduce the male retirement age age from 65 to 60, making it the same as women. Unlike some other banks, the Midland will not allow men to stay on after the official retirement age

Mr Ron Partner, Bifu's negotiating officer for the Midland, said yesterday that there had been "no issue in the bank which had caused more worry than this."

He said about 500 short-term workers, especially among the engineering and messenger staff in computer centres, will be eligible only for restricted pensions when they are forced to retire next year. Mr Partner said the pension could be as low as £1,400; no state pension is payable to men until the age of 65.

However, Midland said last night it had put forward a package of proposals to union officials earlier this week designed to cope with any cases of hardship which may arise.

Among these was a provision that those retiring at 60 would receive a credit payment

Breakaway miners look for allies

By John Lloyd, Industrial Editor

THE BREAKAWAY Nottinghamshire mineworkers area has written to the Mineworkers International Federation, expressing interest in joining.

The move comes at a time when the National Union of Mineworkers has been instrumental in creating a new international body in which the majority of affiliates are from communist and third world countries. The MIF members are largely drawn from mining unions in Western countries.

M Pierre Burnede, an MIF official, said in Brussels last night that the Notts area had expressed interest, but the letter did not amount to an application. It would be discussed by the MIF executive.

Mr Burnede said the MIF still had a UK affiliate in the pit deputies' union, Nacods. Mr Peter McNestry, the Nacods general secretary, has said consideration of an application from the Notts area would be "difficult."

However, many MIF members, especially the West Germans, are angered by the NUM move, and may consider a Notts application sympathetically.

A meeting of the Leicestershire area council on Thursday took no decision on the issue. It is thought that Leicestershire will wait to see the outcome of a ballot in Notts, South Derbyshire and *Durham before* taking a decision.

BAe convener dispute ends

By Our Labour Staff

A DISPUTE at the Warton, Lancashire, factories of British Aerospace was settled yesterday the same day as Prince Sultan bin Abdul-Aziz, the Saudi Defence Minister, paid an official visit.

Members of the white-collar engineering union, AUEW-Tass, who had been on strike since Monday over the dismissal of a convener, agreed to return to work next Monday following a company offer to reinstate him.

The union hailed the reinstatement as "a significant victory." However, BAe said the convener, Mr Peter Ward, had admitted being in the wrong over the issue which prompted his dismissal and that neither he nor two shop stewards involved would again be recognised as union officials.

More ballot battles for AUEW

Candidates in two executive elections are described by **Helen Hague**

TOMORROW the secret postal ballot to elect a successor to Mr Terry Duffy as president of the Amalgamated Union of Engineering Workers ends.

The presidential race—thrown into high relief by the crisis of the AUEW accepting £1.2m of government money to fund past ballots—has to some extent eclipsed two important executive elections which are being held concurrently.

Engineering section AUEW members in Scotland (Division 1) and a vast tract of central England (Division 5) have cast their votes for candidates they wish to represent their interests on the AUEW's two-strong executive.

In both cases, the fight is a two-cornered one between candidates firmly identified with opposing political camps—the Left and the Right.

In Scotland, Mr Jimmy Airlie, the only prominent left-winger on the right-dominated executive, is up for re-election against Mr Tom Adam, the union's district secretary in Falkirk.

Mr Airlie—who first rose to prominence as chairman of the committee organising a work-in at the Upper Clyde Shipbuilders in the early '70s, won the first major victory for he AUEW left in 1983 when he won the vacant Scottish executive seat.

An avowed Communist, Mr Airlie has publicly and vociferously dissented from his union's acceptance of government cash for ballots.

He is also a critic of the direction *in which* the leadership has taken the AUEW over the past decade—and believes a shift in the left/right axis of the executive could strengthen the power base of union activists to bolster the bargaining power of the union at shop floor level.

His challenger, Mr Adam, is identified as a Kinnockite who believes the acceptance of government funds for ballots after a 12 to 1 vote by the membership was correct.

Mr Adams, 53, who has held the Falkirk post for eight years and was formerly convenor at Weir Pumps in Alloa, is on the general management committee of his local constituency Labour Party in Clackmannen.

During his campaign, he has attempted to mobilises the non-Communist vote within the AUEW in Scotland, and is seen as having the backing of the union's "machine."

He cites the pits strike as an instance where union leaders were badly led by leaders who *exploited their loyalty* — and asserts this must never happen in the AUEW.

Mr Derek Simpson, currently district secretary in Sheffield, is a scathing critic of the stance taken by his union's executive over acceptance of government cash for ballots.

His home ground represents the northern tip of an executive area which stretches down to Luton and takes in parts of East Anglia and Lincolnshire.

He believes the right have such a "stranglehold" on the union at national level that the traditional local strengths of the union's organisational machinery are in danger of being curtailed further.

Mr Simpson—who was schooled in the Communist tradition of strong shop stewards commitees in Sheffield engineering factories—belives the credibility of his union will plummet, as he sees it, further if the leadership continues to *take the union in the direction* it has gone in the past decade.

He accused the leadership of systematically undermining the position of rank and file members under the guise of consultation through "selective" high profile secret ballots.

An astute, quietly spoken man, he champions the introduction of a shorter working week with no loss of earnings and believes priority must be given to an improvement in wages and conditions for engineers, who must join in benefits which accrue from the introduction of new technology.

His rival contender for the executive seat is Mr Bill Morgan, *District Secretary* for Derby, who has been addressing meetings with Mr Bill Jordan, the right's candidate for the presidency.

Mr Morgan is in tune with the dominant view on the union's executive—and says he would have pursued the same line of taking heed of the members' views on the ballot cash issue.

He is a member of Mainstream, the right-wing grouping of union officials, and is chairman of the AUEW's "moderate" group which meets and decides on the right's policy.

He believes the AUEW could survive if it is expelled from the TUC on the cash issue—but hopes it will not come to that.

The left hope Simpson and Airlie will be elected to help shift the AUEW executive away from right domination. The right hope its men will consolidate its power. On November 5—firework night—the hopefuls will know their fate.

VDU deal agreed at licensing centre

BY DAVID BRINDLE, LABOUR STAFF

STAFF AT the Driver and Vehicle Licensing Centre, Swansea, have accepted an interim technology deal that paves the way for a 50 per cent reduction in the time *taken* to process licence forms.

Under the deal, the first of its kind in the Civil Service, clerical workers will be paid extra for operating visual display units linked to computer databases.

The agreement has been accepted in principle by the DVLC branch of the Civil and Public Services Association on a ballot vote of 474-64. Two previous ballots rejected specified terms for a deal.

The branch's decision will lead to a locally-negotiated agreement based on one-off payments of £100 or £50 according to experience.

Workers involved will ultimately receive payment, backdated to February 1984 in some cases, of the terms due to be negotiated nationally for clerical staff working with computers. This follows a White*hall* report supporting the principle of a pay premium for computer work.

The decision gives the go-ahead for the full introduction at DVLC of "integrated input procedures," combining clerical and data processing duties involving 1,500 visual display terminals to be installed by autumn 1987.

The management and the CPSA argued for several months over the pay disparity of up to £12 a week between clerical and data processing grades. Both sides feared a dispute along the lines of the strike last year at the Newcastle upon Tyne social security computer centre.

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Smoot Hawley and all that

POLITICIANS and officials—from President Ronald Reagan down—seem acutely aware of the threat to world prosperity posed by the protectionist storm clouds gathering over Capitol Hill and elsewhere. The recognition of the problem by world leaders and the increased willingness of organisations such as the International Monetary Fund and the General Agreement on Tariffs and Trade to make a loud fuss about it is reassuring.

But it is not all that reassuring. The shrill cries of leading finance ministers as last weekend's Group of Five meeting—to the effect that protectionism is now the gravest threat facing the world economy—irresistibly conjure up the image of men running through a burning building shouting "Fire." This is certainly useful in such circumstances. It shows that some people recognise they are in danger and it may alert those who are still blissfully asleep.

Denunciations

On the other hand, shouting "Fire" is not an end of the matter. Shouting by itself does not guarantee the swift arrival of a fire engine; it does not ensure that the fire will be put out nor that loss of life or limb will be avoided. It is just a beginning.

Much the same can be said of the present stern denunciations of protectionism. They will not of themselves prevent a further gentle slide into the trade autarky that characterised much of the 1930s. The cries are being uttered in buildings which either are not fitted with sprinkler systems capable of dousing sudden conflagrations or in which the systems—Gatt, for example—are old and creaky and suffering from lack of maintenance.

Particularly worrying is the widespread failure to understand the dynamics of protectionism. Too many officials and politicians seem to regard protectionism almost as a "given": a natural disaster which, for no apparent reason, comes to plague the human race from time to time.

It is a bit like the Mexican earthquake or a bad hurricane. Protectionism gave us a bad time in the 1930s, was mercifully absent during the decades of rebuilding following the Second World War, but now, inexplicably, has came back to haunt us.

This view of protectionism as an exogenous evil which must be resisted with the utmost vigour whenever it happens to strike has been coupled in recent weeks with some judicious re-writing of history. We are repeatedly told, for example, that the U.S. Smoot Hawley Tariff Act of 1930 was largely responsible for the inter-war contraction of trade and world economic slump. The protectionist bills now raining down on Capitol Hill must be rejected lest they have similar consequences in the 1980s.

There is no doubt that the Smoot Hawley Act had highly damaging repercussions nor that protectionism, whatever shape it takes, should be resisted. But there is reason to doubt that Smoot Hawley in particular or protectionism in general is primarily a cause rather than an effect of economic malaise. The point about protectionism is that it is caused by something else: in general people enjoy consumption and like to import goods. They only stop doing so under great duress.

The view of many economic historians is that tariffs were not the main cause of the inter-war slump. Rather they were a symptom of it.

In 1933, a study group of the Royal Institute of International Affairs was unambiguous on one point: the increase in restrictions on trade had been long preceded by a "falling off of international lending." In the light of this it is rather disturbing to read in the communique issued by the G-5 ministers that the "adjustment efforts of some major developing countries" had a particularly detrimental impact on the U.S. current account. As in the 1930s the collapse of international lending is directly fanning protectionist fires.

The real lesson from the inter-war years is not that protectionism causes slumps but that bad monetary and fiscal management and in particular the failure of big economies to coordinate their actions causes both protectionism and slumps.

Encouraging sign

A subsidiary lesson from the past is that grave problems for the world economy are virtually inevitable whenever the U.S. loses sight of its global responsibilities. If the U.S. had taken its international obligations seriously it is inconceivable that monetary and fiscal policy would have been allowed to get so seriously misaligned during President Reagan's first term.

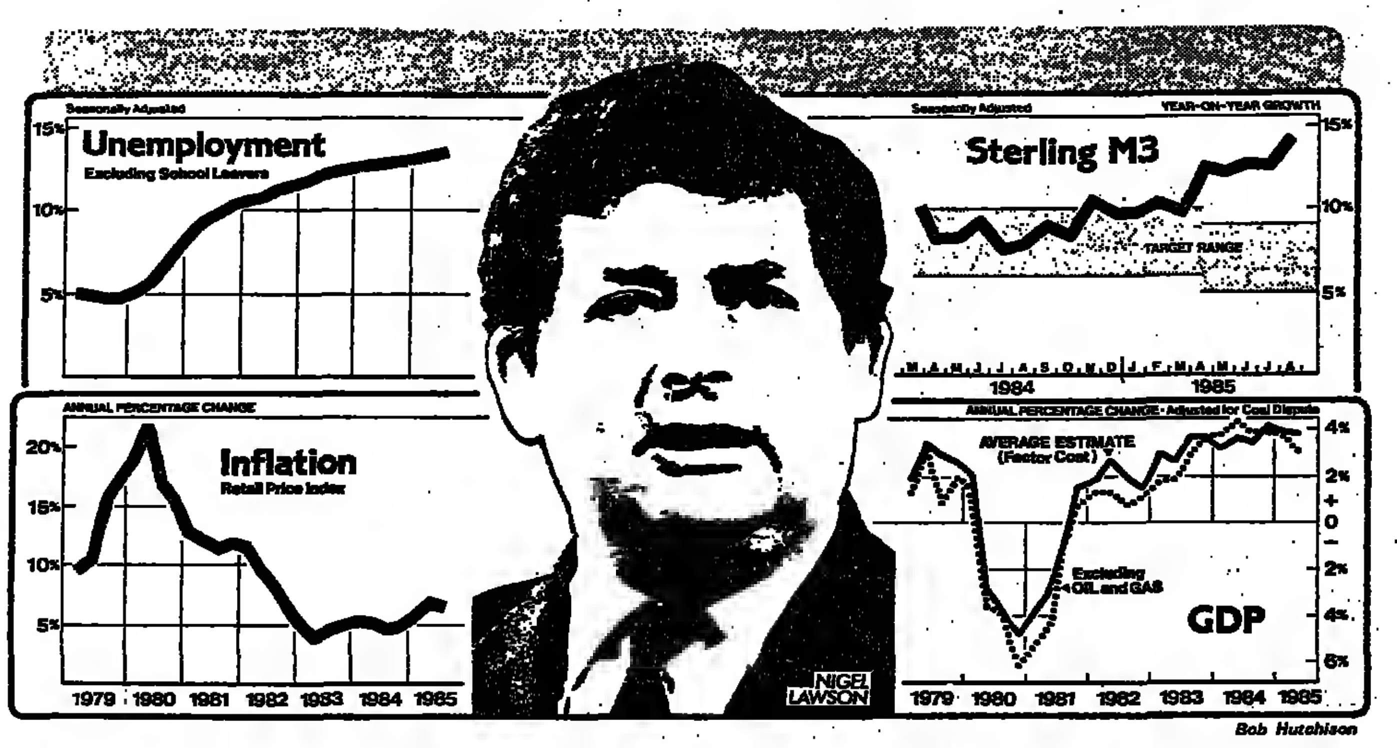
The signs now are more encouraging than in 1980: as Mr James Baker, the U.S. Treasury Secretary, shows every sign of understanding the need to frame U.S. policy within a global context. Unfortunately, this understanding alone will not get him out of the muddle created by past mistakes. One way or another the U.S. needs to take decisive action to correct its two huge imbalances—the current account and budget deficits.

This will not be achieved merely by asking finance ministers in other countries to help talk down the dollar. It requires the U.S., now a net foreign debtor, to accept that, having lived beyond its means for five years, it must be willing for a period to produce more than it consumes.

THE UK ECONOMY

Mr Lawson walks a tightrope

By Max Wilkinson, Economics Correspondent



Bob Hutchison

IF Mr Nigel Lawson, the Chancellor, tells next month's Tory Party conference everything it wants to hear, he can expect a rough reception when he makes an equally crucial speech to the City of London a week later.

The party faithful will want to be reassured that Mr Lawson is still leading them to the promised land of tax cuts with steady enough growth to turn the threatening tide of unemployment; and of course they expect him to keep safely on this path without being engulfed by rising inflation.

So poor was his reception at the Tory conference last year, Mr Lawson has even decided to pull out of a series of important meetings in the run up to the International Monetary Conference in Seoul, Korea, so that he can concentrate his energies on this speech.

The Chancellor will certainly *not* be able to quell the doubters in his party with the brusque dismissive tone that he used on Wednesday in his latest row with the Confederation of British Industry—this time at the meeting of the National Economic Development Council.

For many party activists will share the fears of some industrialists that his tight policies are threatening to halt the economic recovery.

More significantly, these anxieties seem to be gaining ground among senior economists at the Bank of England. It issued a discreet but powerful warning in its Quarterly Bulletin this week about the slowing down of the economy, weak growth of employment, a slowing of productivity growth, rising wage pressures and the wider dangers of world recession.

However, at the Mansion House dinner on October 17, he faces perhaps an equally difficult task in explaining why he has allowed a perplexingly fast growth of credit to produce a surge in the money supply.

The amount of cash and money deposited in banks (Sterling M3) has been rising at an annual rate of 17 per cent this year. On the face of it this is about twice as fast as is consistent with Mr Lawson's objectives for inflation and economic growth.

Treasury theories that the growth reflects a shift towards using bank accounts for savings rather than spending money have not entirely reassured the City, nor indeed the Bank of England in its heart of hearts. The City has also been puzzled by the apparent slackness of the authorities' efforts to neutralise this expansion of money by selling giltedged stock. The Bank chalked up a paltry £74m of net gilt sales in August against £2.6bn expansion of public and private credit.

Does this signal a more profound easing of monetary policy? Or that money supply targets have finally been abandoned in favour of an objective for the exchange rate? Or is it part of a technical operation to ease the Bank's money market problems? And does last Sunday's five-power agreement to try to topple the dollar mean that European interest rates will be stuck at present levels for the time being?

Mr Stephen Lewis, chief economist for the broker Phillips and Drew, said yesterday: "These are questions on which we feel ourselves to be very much in the dark. We are waiting to hear what the Chancellor has to say on October 17th."

The two forthcoming speeches define in a sense, the Scylla and Charybdis of opposing demands through which Mr Lawson must steer his policy in the coming months. Now, at about the mid point of the Government's term, he knows also that the course he sets will influence the economy in the run-up to the next election.

On the one side are the expansionary pressures: the CBI wants a cut in interest rates and a lower exchange rate to help manufacturers; the Conservative party needs lower taxes; but Tories are as clamourous as anyone against spending cuts, if they threaten roads, defence, universities agriculture or law and order. The current arguments about next year's spending plans, now referred to a Star Chamber of senior Ministers, shows just how difficult these pressures are.

These domestic pressures are now reinforced by wider international economic arguments about the need for concerted expansion in Europe to make up the slowing down of the U.S. economy and the expected decline in the dollar.

On the other side stands his rather battered monetary policy, the continued dangers from inflation and the suspicions of the City, always on the watch for a slackening in policy.

These constraints have been underlined by the rise of the inflation rate to 7 per cent this sumer, which gave Mr Lawson an unpleasant shock. This was almost twice the inflation rate at the time of the last election and significantly more than the Treasury was expecting at the time of the Budget.

Moreover, this rise in inflation followed a period last year when many observers believed the Treasury was engaged in covert expansion, with interest rates being pushed down aggressively while fiscal discipline seemed slack.

The City rounded on Mr Lawson in January with a ferocity which one might have expected to be reserved for a spendthrift socialist chancellor rather than a tough Tory one.

He was forced into an abrupt change of course, with a $4\frac{1}{2}$ percentage point rise in interest rate to 14 per cent, representing the highest in real terms since the war and a sharp tightening of his fiscal arithmetic.

Since then there has been an uneasy truce between the Treasury and the City, in which UK interest rates have been among the highest in the world as a price for strengthening the pound (it is up 17 per cent since its nadir on February 26).

The danger that inflation would accelerate into a spiral of wages chasing prices, however, seems to have been averted. The strong pound has affected the cost of raw materials and fuel prices which are now slightly lower than a year ago. Inflation is confidently expected to be back to an annual rate of around 5 per cent by Christmas and perhaps to 4 per cent by next summer.

As one government official said with, perhaps a touch of smugness: "We have proved, whatever else our critics say, that we can control prices."

The same question will therefore be asked by the City and by the Conservative rank and file, though the emphasis will be very different: does the success against inflation mean that the Treasury will soon be able to loosen the reins a little, by cutting interest rates or risking bigger tax cuts or both?

> There are fears that Mr Lawson's tight policies are threatening to halt the economic recovery

The answer to this question depends crucially on what Mr Lawson and his advisers make of the conflicting evidence about what is now happening to the British economy.

Take inflation, first; perhaps the most difficult problem. It is true that the rate of price increases is decelerating quite sharply. But as the Bank of England points out, wage inflation is creeping upwards, at least in manufacturing industry.

Average earnings have been rising steadily at an annual rate of $7\frac{1}{2}$ per cent for more than a year, but earnings in manufacturing industry are now rising at 9 per cent, while basic settlements crept up to $6\frac{1}{2}$ per cent in the recently ended pay round from about 6 per cent a year ago.

All these figures are too high in relation to the Government's hope of combining inflation at about 4 per cent with an increase in jobs. For manufacturers have been keeping their costs down by firing workers rather than by moderating pay settlements.

This has produced some impressive gains in efficiency averaging 6 per cent a year in the last three years. But productivity improvements have been about half that level this year, so manufacturers are beginning to feel the squeeze.

This is why they have been asking for lower interest rate costs and a depreciation which would allow them to increase their export prices and ease the competition from foreign imports. It also explains why Mr Lawson has been resisting them—though currency movements in the last week, with sterling depreciating against the D-mark, should be helpful to industry.

Next comes the question of what is happening to output and employment. Mr Lawson will no doubt boast that the British recovery, now in its fifth year, is the longest since the War. He will say that the average growth in this recovery has been a respectable 3 per cent. He will add that the growth rate in the 12 months to the second quarter of this year was an underlying 4 per cent and that Britain's economy is among the leaders in the industrial world for growth. He will no doubt add that more than 367,000 new jobs have been created since the beginning of last year.

These are all creditable achievements, and some respected forecasters believe that the economy will continue to expand, though at a rather slower rate of perhaps $2\frac{1}{2}$ per cent next year.

Against this the Bank of England points in its gloomy way to the fact that there was no underlying growth at all between the first and second quarters of the year. Though it thinks underlying growth between the second half of last year and the first half of this year was running at an annual rate of 3 per cent (excluding the effects of the coal strike), it also highlights the sluggishness of trade and a recent decline in exporting performance.

The Bank also points out that most new jobs in this expansion have been for part-time women. In terms of equivalent full-time jobs the number, it says, is only about a third of the published figure.

These factors taken with the generally sluggish recovery in Europe and the marked slowdown in the U.S., all point to a slackening of pace in the UK economy next year. The National Institute of Economic and Social Research believes that growth will fizzle out altogether after Christmas, a view which may not be far from that of the Bank.

The consequences for unemployment would be bleak indeed. Even taking account of the increase in special training and job creation schemes announced in the Budget, the number of adults out of work will remain above 3m next year. If the Institute is right, it would be about 3.3m, and still climbing, an appalling prospect for the Conservative Party's strategists.

The Treasury, which publishes its next forecast in November is likely to take a rather more optimistic view although it will certainly expect some slowing down of the economy next year.

Mr Lawson must feel himself very boxed in. Apart from pushing ahead with supply side measures to stimulate enterprise and job creation, he will be anxious to give the economy a gentle push through lower interest rates at the very earliest moment that he thinks this prudent.

This would certainly be welcomed by Britain's partners in Europe, raise a cheer at the Party conference, and encourage manufacturers. The gilts market would, no doubt, also be revived. But how would the foreign exchange markets and the monetary analysts take it?

This is Mr Lawson's worst dilemma—everything depends on whether he feels he has regained their confidence after the debacle of January. If so he might be able to get away with a significant easing of policy without inflationary risk.

But confidence can evaporate quickly: if the markets once thought he was taking a risk, sterling could plunge again and prove the pessimists right. Of course, if the dollar were to fall steadily, he would have more leeway. But in the absence of more fiscal deficit cuts in the U.S., it would be foolish to count on this—as the Bank of England warns.

For this reason the traditional "Tory Conference" interest rate cut may have to be ruled out, in case the markets were to see it as a loss of nerve in the face of rising unemployment.

For the same reason, he may wish to play down the prospects for the tax cuts. Although Treasury plans envisage room for about £3bn a year tax cuts up to 1988-89, outsiders are more sceptical. The National Institute and the London Business School both doubt whether he will be able to cut taxes in the next Budget, mainly because of expenditure over-runs.

Looking further ahead, oil revenues could be vulnerable to a fall in the dollar and a weakening of oil prices on top of an expected fall-off in production.

He may succeed in curbing the rise in public spending and he may scrape up extra money from sales of assets like British Gas. But the uncertainties are so great that Mr Lawson is not likely to be able to say much that will make him popular in Blackpool.

Man in the News

Derek Hatton

Questions about a militant's tendency

By Nick Bunker

SINCE THE Second World War, Merseyside has produced some of the most influential figures within the British labour movement.

Mr Derek Hatton, the left-wing Militant Tendency supporter who is now deputy leader of Liverpool City Council, would no doubt like to think that he is among them, a worthy counterpart to such trade union leaders as Mr Jack Jones, the Liverpudlian former general secretary of the Transport and General Workers Union, or Mr David Basnett, the Merseysider now departing from the top post in the General Municipal and Boilermakers Union.

Almost as soon as the Labour Party took control of Liverpool City Council in April 1983, Mr Hatton became identified locally as the symbol of Labour's determination to defy government spending limits with an ambitious programme of job creation and municipal house-building.

But in the last few weeks, it has become increasingly clear that he is in fact far from being in control of events as Liverpool teeters on the brink of insolvency. The immediate crisis dates back to June when councillors approved a rating increase of only 9 per cent that left them with income for the year more than £100m short of an estimated budget of £265m.

The reasons why Mr Hatton is personally so powerless can partially be explained by his relative inexperience within the Merseyside Labour movement.

Aged 37, Mr Hatton has been a member of the Labour Party since 1971. The only child of a Liverpool fireman, he was educated at the Liverpool Institute, once the city's most distinguished grammar school, where he was a junior contemporary of other famous Merseysiders including Paul McCartney. At the age of 16, he left to become an apprentice at Plessey's telephone factory in Liverpool, but soon left to become a clerk with the Royal Liver Insurance Company, and then joined the fire brigade.

Later as a youth worker in London he was active in the squatting movement of the late 1960s and early 1970s before returning to Merseyside to run another youth centre in Liverpool's inner city, in 1972.

He was elected a Labour councillor in 1979 after going to work as a social worker in Kirkby, the overspill new town on the outskirts of the city.

Mr Hatton—who was branch chairman of Nalgo's Knowsley Council branch—nevertheless lacks the trade union experience of other colleagues.

His fellow city councillor, Mr Tony Mulhearn, also a Militant Tendency supporter, and president of the Liverpool District Labour Party, has a long record of activity as a print worker prominent locally in the National Graphical Association. Mr Hatton, by contrast, has never had substantial experience as a union negotiator and has no substantial links with the area's major trade unions, particularly the Transport and General Workers, which has been the backbone of organised labour in Liverpool, representing such key workers as the dockers and the Ford Halewood car workers.

There is no doubting Mr Hatton's staunch Socialist views. His by-line still appears on articles in the Militant newspaper and he has never hesitated in adhering to Militant's basic demands, such as the nationalisation of the country's leading 200 private companies, the establishment of a £100 a week minimum wage, or a massive programme of investment in public works.

A confirmed atheist, he told a local newspaper four years ago: "I believe there are only two alternatives for mankind: nuclear annihilation or Socialism. There is no other road left open, as society collapses around our ears."

As a councillor for the Netherley ward, Mr Hatton campaigned vigorously for the demolition of notoriously badly built 1960s council flats, demanding a new house building programme to re-house tenants. His readiness to deal with the media, has helped the council win national recognition in its campaign against the Government. And he also won respect personally after the rioting at the Heysel stadium in Brussels when he organised the City council's peace delegation to the Italian City of Turin.

But Mr Hatton's credentials as a competent Socialist politician have been questioned.

At the TUC Conference in Blackpool, it was a chance remark by him that first alerted city council trade unionists to the fact that they might all be issued with redundancy notices as a short term solution to the city's budget problems.

As another leading Labour councillor put it at the time: "Some people are like children at Christmas. They just can't wait to open their presents."

Earlier this week, he is said to have deeply offended regional officials of the General Municipal and Boilermakers Union by his brusque manner at a meeting to discuss the council's plan temporarily to make redundant 31,000 employees, including 9,000 GMBU members. As one full time GMBU official put it: "He is a very poor negotiator. He has an all-or-nothing attitude. If he was a private sector employer, we would have walked out on him."

Regional union officials claimed to have found Mr Hatton barely competent in their dealings with him as chairman of the city council's personnel committee and then of its industrial relations committee.

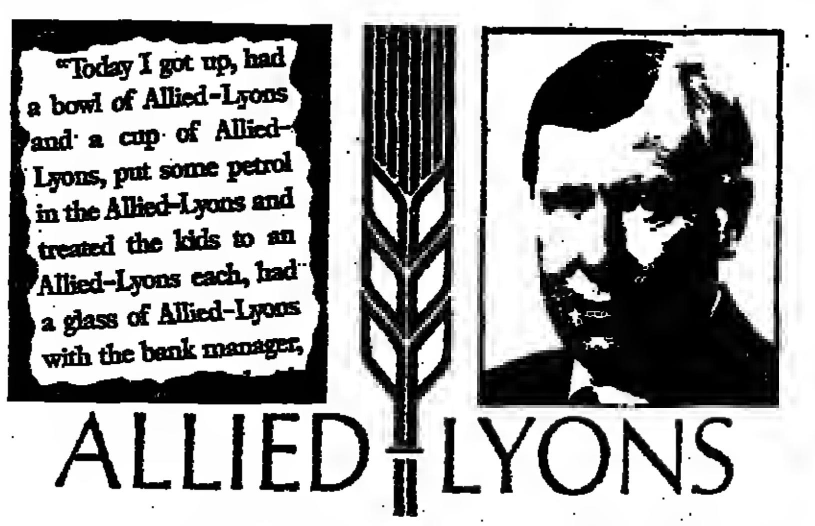
Mr Hatton has antagonised members of his own Labour group—even fellow militants who are the dominant but not all powerful grouping in the Liverpool District Labour Party. They feel that the personal animosity between him and government ministers is a prime obstacle to the re-opening of negotiations with the Government over Liverpool's current financial problems.

There is now a sizeable group of Labour councillors in Liverpool who would not be unhappy if Mr Hatton left the local scene, though they feel it would be very difficult to get rid of him because he is now so closely identified with the city council's intransigent opposition to government spending limits.

As one very senior Labour councillor put it this week, "proposing a vote of no confidence in Derek Hatton now would be like a vote of no confidence against Mrs Thatcher during the Falklands War."

UK takeovers

Allied in a war of words



Sir Derrick Holden-Brown and some war words.

By Martin Dickson

THE FIRST real propaganda shots were fired this week in what may become a particularly bruising and expensive takeover battle.

Tha opening volley took the form of a two-page newspaper advertisement in large, solid type, designed to bring home the broad span of interests of Allied-Lyons, Britain's second biggest brewer and a producer of food and drink ranging from Harveys sherry to Lyons Maid ice cream.

"Today," the copy began, "I got up, had a bowl of Allied-Lyons and a cup of Allied-Lyons, put some petrol in the Allied-Lyons . . ." And so on throughout the day.

The message was crudely direct and the humour heavy-handed, but the intent was deadly serious: Allied is trying to brush up its somewhat lacklustre image in the face of a threatened consortium takeover bid, to be led by Elders IXL, the Australian brewing and trading group.

Yesterday it was the turn of Elders to turn on the public relations razzle-dazzle: the pugnacious, sun-tanned face of Mr John Elliott, its chief executive, was beamed by a satellite telecast live from Australia to answer London reporters' questions on the company's results.

All this posturing may seem as inconsequential as the froth on a pint of beer, but behind it lies cold calculation about the way takeovers are won and lost. There are three key elements in any bid battles.

The first, and most vital, is the price one company is prepared to pay for another — and this is a factor over which the defending camp has no control. It is yet far from clear that Elders, with a market capitalisation about one quarter of that of the £2bn Allied, can raise sufficient cash and supporters to take ont its target.

The second is the attitude of the Government. Any bid by Elders could be referred to the Monopolies Commission.

The third element is the relative images of the protagonists, and these encompass e curious blend of hard statistical fact (profits and earnings records, for example) and highly subjective judgments about management ability, built up through persooal contacts, brokers analysts and the press.

It is here, and in the day-to-day tactics of a bid, that defending companies can do most to influence their destiny. Allied's opening moves provide a textbook example of how to start putting up the barriers.

To begin with, it has gathered around it a blue-chip collection of financial advisers. Back in the spring, when it first becama clear that Elders was building a stake in the group, Allied departed from its tradition of having no particular merchant bank and hired S. G. Warburg, whose corporate finance department has probably the best reputation in the City for defending takeover targets.

More recently, it has hired Saatchi and Saatchi, the advertising company, which is mounting the current press campaign.

A third member of the team, Charles Barker, the large City public relations agency, was taken on last year—long before Elders appeared on the scene—when Allied recognised that it was not getting across its message.

Sir Derrick Holden-Brown, the chairman of the group, acknowledges that "maybe over the past four or five years we have not been able to communicate so effectively with the City as today." He rejects charges of a lacklustre performance.

Allied was formed in 1961 from e merger between the Ind Coope, Tetley Walker and Ansells breweries, and in 1968 it took over Showerings, adding products like Harveys sherries, Britvic soft drinks and Babycham to its portfolio.

Into the group, too, came members of the Showering family—the inventors of Babycham, a runaway 1950s marketing success—and most notably Sir Keith Showering, a large man with a flamboyant and autocratic manner, who became chairman in 1975.

Sir Keith, with his abrasive style, was a controversial figure in the City—and never more so than in 1978, when Allied took over the ailing J. Lyons food group despite strong opposition from the investing institutions.

In 1982, Sir Keith died suddenly and into his shoes stepped his deputy, Sir Derrick Holden-Brown, a man of a very different stamp.

Sir Derrick must be one of the most charming of British industrial leaders. Aged 62, but looking younger, he is an impeccably dressed man with a quiet but firm voice and a slightly formal manner.

The group's image changed under Sir Derrick. In came a low profile approach to the City and a concentration on internal growth—what the company likes to call a "brick by brick approach."

Allied's pre-tax profits have doubled over the past five years—from £112m in 1980-81 to £219m in 1984-85—and earnings have risen by a similar amount.

Against this, however, City analysts point out that over the past few years Allied's important beer division—accounting for around 43 per cent of pre-tax profits—has not performed nearly as well as that of Bass, Britain's biggest brewer.

It is this area which seems destined to become the central battleground of any Elders' bid. Mr Elliott, whose company brews Foster's, Australia's leading lager, has gone straight for the jugular, declaring that Allied's beer brands are "fairly mixed and a bit tired."

Allied has certainly lost market share in recent years. The industry cloaks such figures in secrecy but analysts reckon Allied now accounts for about 13.8 per cent of the UK market, compared to some 15 per cent five years ago, while over the same period Bass has upped its stake from 18 to 21-22 per cent. Moreover, this has been happening in a falling market — which means that Allied's production has fallen by around 10 per cent.

The company is also accused of being slow off the mark in the one growth area of the beer industry, lager. Its major brand, Skol, is said by critics to have a dull image when set alongside Bass's Carling Black Label (the top seller), Carlsberg (Watney Mann) and Heineken (Whitbread).

Allied acknowledges that it has lost market share but says that this was dne mainly to a policy decision to shut its strike-bound Ansells brewery in Birmingham. And it adds it is now gaining share once more, thanks in part to its successful introduction last year of Castlemaine XXXX, e hit Australian lager with a macho image.

It also dismisses criticism of Skol as misplaced — it is, after all, Britain's second biggest selling lager.

Nevertheless, Allied did admit to problems in the beer division at the turn of the year when it undertook a traumatic shake-up in both management and structure.

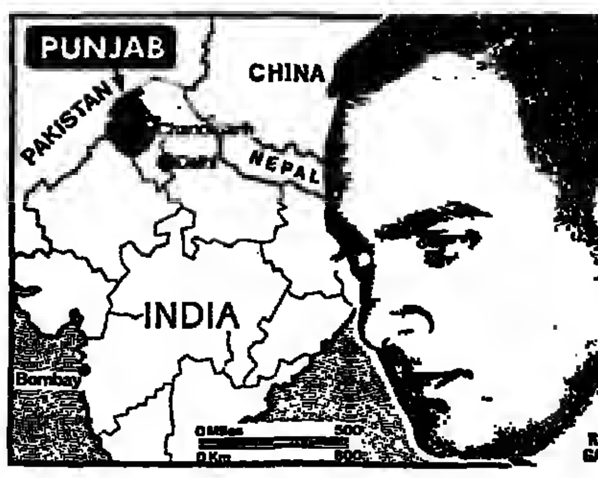
In spite of the criticism at the time of the purchase, Allied has managed to turn round Lyons, which last year achieved the best profit improvement in the group (18 per cent), admittedly in part due to favourable exchange rate translations on its important U.S. operations.

What all this adds up to is that Mr Elliott is going to find Allied very tough competition. For all the analysts' criticism, the company is still generally regarded as pretty well managed, and it is showing signs of emerging reasonably well from a difficult period.

PUNJAB AFTER THE POLLS

Rajiv's victory in defeat

By John Elliott, South Asia Correspondent in New Delhi



MR RAJIV GANDHI, India's Prime Minister, has this week pulled off his most significant coup since becoming Prime Minister nearly 11 months ago when his mother, Mrs Indira Gandhi, was shot by Sikh assassins. With this week's elections he has set the Punjab on the road to possible peace and prosperity and he has restored to India's proud and important Sikh community some of the legitimacy and public acceptance it has lost in the past year.

"The Congress I may have lost the electoral battle in Punjab but has won the war for India's unity and integrity, and that was the fundamental aim of the Congress." With these confident words, Mr Gandhi yesterday disposed of a massive Congress defeat by the Sikhs' Akali Dal Party in Wednesday's elections. In doing so he displayed more statesmanship and pragmatism than could have been expected of his late mother who, in her final years, presided over an increasingly unhappy, divided and demoralised country. Significantly, Mrs Gandhi was hardly ever mentioned in this week's election campaign.

With a wide variety of regional and religious groups, castes and languages, India has many potential communal and ethnic trouble spots. Mrs Gandhi tended to let them solve themselves, often at massive costs in lives lost. In the case of the Punjab, that policy ended in her losing her own life at the hands of Sikh assassins seeking vengeance for the army's storming of their revered Golden Temple in Amritsar.

The Punjab has emerged as the country's most lethal troublespot because it is close to the capital Delhi and so cannot be ignored in any way like some insurgencies in north-eastern India (which Mr Gandhi is also trying to end). Punjab brings together a potent mixture of political and economic dissatisfaction with extreme religious fervour, so challenging India's basically secular constitution, and its political stability, and aggravating India's tense and fractious relations with neighbouring Pakistan which borders Punjab.

Unlike his mother, Mr Gandhi believes that India's 730m population is governable, and that communal and political crises can be solved by a direct honest approach. He has inspired Indians of all ages and classes to believe that their grossly inefficient and in many ways backward and corrupt country can be ruled competently and can modernise relatively quickly.

The most important thing he did in order to end the Punjab crises was to halt years of political infighting and corruption in which his mother, together with Mr Zail Singh, India's current president and former Punjab Chief Minister, plus other Punjabi Congress I politicians primarily plotted and schemed for personal and party gain.

Zail Singh, for example, is widely believed to have been instrumental originally in building up Sant Jarnail Singh Bhindranvale, the leading extremist who died in the Amritsar Golden Temple army action 15 months ago in an attempt to weaken the Akali Dal Party.

Mr Gandhi has kept Zail Singh out of his recent initiatives causing something of a rift between President and Prime Minister. He appointed as governor of Punjab a capable conscientious politician, Mr Arjun Singh, the former Chief Minister of Madhya Pradesh who hit the world's headlines last December when he imprisoned Mr Warren Anderson, chairman of Union Carbide as he landed in the state after the Bhopal gas disaster.

Mr Arjun Singh, a member of the princely Rajput caste which uses the same proud Singh suffix as the Sikhs, planned that arrest himself with such cunning and attention to detail that Mr Anderson never suspected he was being arrested. He thought the car that took him from Bhopal airport was a VIP escort.

During the past few months Mr Arjun Singh has brought the same application to the problems of the Punjab, first winning the trust of Sant Harchand Singh Longoway, the Akali Dal president, who was later assassinated. He healed Hindu-Sikh rifts in Punjab's bureaucracy which were leading to problems, and then he administered the state and its security forces with an efficiency unusual in India.

When his job is completed in Punjab, he is expected to be promoted to a major government post in New Delhi.

But the job is unlikely to be completed yet. The system of president's rule, which means direct rule from Delhi, which has governed Punjab for two years will end as soon as the new elected assembly is established. But the security operations will remain and none of the 125,000 paramilitary forces who have policed the election campaign will be pulled out for some time. "Merely installing the new state government does not mean that somebody who wants to lob a grenade will disappear," Mr N. N. Vohra, the state's Home Secretary, said yesterday.

No one has any doubt that the terrorist threat will remain, just as it does in other countries. "Even Maggie Thatcher has to live under the threat of a gun," said Mr Surjit Singh Barnala, acting president of the Akali Dal, who was yesterday confirmed as the party's leader in the state assembly.

"The election is just the beginning. The real thing now is the implementation of the accord, and it could be a year before we really know if problems have been solved," says Mr Raghunandan Lal Bhatia, a Hindu and 60-year-old Congress I national politician from Punjab.

Mr Bhatia was referring to the accord signed two months ago by Mr Gandhi and Sant Longowal, who was subsequently assassinated. That accord gave Punjab some but not all the things Sikhs have been campaigning for and does not satisfy extremists who want a semi-independent Sikh state called Khalistan. Various commissions of inquiry are to look into disputes on state boundary sharing.

These are bound to lead to disputes. There is also a major problem of lack of industrial growth and economic expansion, now that Punjab's green revolution in agriculture has reached a plateau and has left growing rifts between rich and poor and a largely dissatisfied youth. There are at least 100,000 unemployed graduates among Punjab's 17m population and at least as many again unemployed with lesser educational qualifications.

Few industrialists are willing to invest in Punjab and most existing Punjab businesses are diversifying elsewhere. Mr Gandhi has promised various economic initiatives and the New Delhi Government is expected to pour money into the state to pay for the security forces and to support the state's bankrupt finances, as well as to spur industrial growth and improved agricultural performance. A railway coach factory that will employ 10,000 people and generate a further 10,000 jobs is being built. A joint venture with Hitachi is planned and Escorts, a New Delhi company with Punjab links, hopes to carry out part of a planned Citroen car project in the state.

But it is generally accepted that the election of an Akali government gives the Punjab a greater chance of peace than if the Congress I had won and Mr Gandhi is believed privately to support this view. But the size of the Akali Dal victory could cause problems and does also underline a growing regionalism in Indian politics. Six major states accounting for one third of the country's population are now governed by parties with a regional base or flavour basically opposed to Congress I. This emphasises how sensitively Mr Gandhi must handle the growing debate in India about the balance of power between the central government and the states.

Letters to the Editor

Taxation of employment

From Mr J. Read

Sir,—With reference to Mr D. Howell's letter (September 24) it is not clear why the "ownership idea" should help the situation of the unemployed, particularly when the foundation of successive governments' tax policy has been, and continues to be, the taxation of employment.

For some reason politicians of all persuasions draw no distinction between wages (net take home pay) and employment costs. The former is what is received for work done and the latter is what is paid for that work together with the government levy. As we know, however, this levy is received by the Government, not the employee.

If this levy was relatively nominal there might be no cause for concern but at average wage levels it is about 60 per cent of the wage received by a single man. This is a measure of the inflation of employment costs by government and it is difficult to see how wages can be described by those in authority as too high when, by law, the cost of employment is inflated to such a degree.

The Treasury is reported as stating that a 1 per cent reduction in employment costs could increase employment by 110,000-200,000. If this is true why do we have employment taxes? Perhaps somebody could explain.

J. P. Read,
5, Turner Drive, NW11

Selling life assurance

From the Managing Director, GRE Personal Financial Management

Sir, — It is time to put forward some basic truths regarding the selling of life assurance so that the "instant" criticisms appearing in your columns can be seen in a proper light.

All businesses have to provide in their prices for the cost of putting their products in front of the customer. Families do need life assurance and the average level of life and pension provision is low. This is, in part, a result of rewards for the salesmen in the past having been inadequate. There really is no benefit in having products that do not effectively reach the potential customers.

It is difficult to appreciate from some of the letters appearing in your columns that life assurance is a highly competitive industry. The companies, as in any other business, strive to improve their cost effectiveness and the industry's record for product innovation and the wide choice available to customers compares favourably with overseas markets.

"Selling" is not a dirty word. Independent and tied agents deserve adequate rewards for a difficult job. Perhaps Great Britain Ltd would be more successful if we valued the salesman's skills more highly across the board.

Let us ensure that customers are well informed. But the key elements in this regard are the benefits being bought and the price to be paid for them.

I support the main thrust of the Government proposals regarding self-regulation and particularly welcome the changes that will enhance the training and professionalism of salesmen. We can, however, look at the current achievements of the industry with some pride.

T. R. Lloyd-Williams.
68, King William Street, EC4.

Defence—buying British

From the Sales Finance Manager, Army & Air Weapons Division, British Aerospace

Sir,—Dr Hartley's comment recorded in your Defence Correspondent's article (September 18) that the forces often paid between 20/40 per cent more when buying British defence equipment is misleading. In most cases, UK suppliers are competitive. Where their prices are higher to Ministry of Defence than overseas suppliers, UK is still usually better off financially buying British when revenue paid back to HMG by suppliers and their employees in taxes, VAT duties and National Insurance is taken into account.

Buying British means defence capacity and capability are maintained. This was exemplified in the Falklands campaign when UK suppliers provided replacement parts and support services often within hours of the request. Employment is also maintained. Presently at least 500,000 people are employed in the UK industry, mostly in high technology areas where spin-off occurs helping development of new jobs within and outside the industry.

UK contractors recognise the need to be competitive and for several years have supported the move away from "cost plus" to "fixed price incentive" contracts where work packages can be defined. They are also prepared, where appropriate, to fund part of the cost of new development, where the product is designed to meet a strong export market. Contractors who make large high-risk investments to win development contracts, however, believe it is totally impracticable and uneconomic to have a separate competition for the production contract and for that contract to be awarded to a company which has not been involved in the development of the complex system. If this happens, our armed services will not get the service they need.

Costs to MoD of procurement are reduced when the supplier also exports the equipment, so spreading his overheads. Exports, however, which were three times those of the French defence industry in 1960 are now only half the value of French exports.

A major factor is that the French regard their defence industry as important in both national and export terms and provide it with substantial Government support. UK exporters' prospects are strongly linked to receipt of an MoD order for their equipment; giving MoD's seal of approval.

In 1984-85 defence industry exports totalled £2.6bn. Such exports (much of which employs high technology) are valuable to Britain. Typically, 90 per cent of the foreign income earned is spent within the UK. One-third is paid in salaries and wages, another third goes to HMG in taxation and National Insurance contributions and the balance on material costs, MoD levy for recovery of development costs, to Export Credits Guarantee Department in premiums and on other services and in profits.

The UK defence industry is no stranger to competition that faces it for all the export orders it achieves. Wider application of competition to HMG's own purchases is not objected to provided it is applied in a sensible manner that recognises the long-term nature of the products and related industrial investments. If this is not done it makes it even more difficult for UK contractors to achieve exports in future when competing with foreign suppliers who are strongly supported by their Governments.

D. V. Wilson,
P.O. Box 19,
Six Hills Way,
Stevenage, Herts.

Places at college

From Mr J. Welch

Sir,—Mr Steinberg's article (September 25) was wonderfully entertaining. There are few sights more ludicrous than that of the middle class whimpering over their conditions.

Mr Steinberg's son failed, initially, to get into the "university of his choice" (a key phrase I suspect) and the implications of the article was that he and his friends, because of gaining unacceptable "A" level results were thereby deprived of the opportunity for higher education (are indeed fleeing to Australia due to the shame of it all).

These students are either grossly ill-informed or vulgarly snobbish. There is a wide range of public sector higher education available at the Polytechnics and Colleges of Higher Education which offer a full range of degrees in the arts, sciences and technology. By shopping around any student with two or more sound "A" levels can get into a decent degree course.

Could it be that Mr Steinberg finds it to be too demeaning for the son of a Cambridge don to attend a non-University institution of higher education? His article seems to have more to do with social status than with educational provisions.

I suspect that the debate over University and polytechnics is akin to the controversy over private versus state schools which was recently so delightfully and vehemently explored in your Letters to the Editor.

J. J. Welch,
13, Mandeville Gardens,
Walsall, W. Midlands.

Shortages of skills

From Mr R. Crum

Sir, — Your article (September 23) spoke of the time bomb ticking away because of the lack of students with good A levels in mathematics and physics. Well, hurray for my son (and his parents). He's got three straight As at A level in mathematics, physics and chemistry. And what happens?

First of all I'm fined £1,750 a year by the Government because it won't provide him with a grant to undertake his university course. As a consequence, we are forced, for three more years and extremely reluctantly, to lower our standard of living yet again below that of those who haven't looked after and cared for children for the past 18 years.

Of course, we can covenant the sum and that reduces the pain a little, but it still leaves my son at a disadvantage (in at least two ways) compared with those on a grant. Because grants aren't income but covenants are, students on grants can earn up to the full value of the single person's tax allowance without paying tax, whereas those financed by covenants can only earn up to the difference between the allowance and the covenant before they pay tax. So covenanted students are prevented from trying to pay their own way. Students on grants are actively encouraged to claim supplementary benefit in the long vacation because it is recognised that grants are insufficient to finance students through that period. But students on covenants can only claim such benefits if they have made sure that the words on the form are very precisely right. Moreover, recent experience in Oxford and elsewhere has shown that even if the wording is of the prescribed type the local bureaucracy will try to discriminate against students on covenants.

One judges politicians and governments by their deeds, not their words. At the moment students taking A-levels are discriminated against; they have no income, but if they train to be a receptionist or become unemployed, then the Government will pay them. Their teachers are well underpaid, so that good maths and physics teachers are becoming rare. If they get to university their parents may be fined. In any case, university teachers are also underpaid and many are too busy earning money on consultancies and begging research funds to bother about teaching students. If the parents covenant, then their children are still discriminated against, and in any case bureaucratic hurdles are erected to make it as difficult as possible.

The signs are quite clear. The Government does not want a skilled and educated workforce and has erected as many barriers as possible to prevent the country acquiring one.

R. E. Crum.
89, Hall Road, Norwich.

Waiting for an answer

From Mr T. Smith

Sir,—I was pleased to learn from Rupert Cornwell's comments (September 20) that Pieroth accepts its overall responsibilities towards its customers and the general public. I would be even more pleased if I had received replies to my two letters of August 14 1985 and September 5 1985 to Pieroth in which I asked the company's plans to replace bottles of potentially contaminated wine and to circularise its regular customers with information.

Sadly, the absence of even a simple acknowledgement makes me doubt whether I shall be boosting Pieroth's future sales —even from 1988 onwards.

T. A. G. Smith.
4, Ashley Road,
Sevenoaks, Kent.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	7.00	8.00	8.75/9.25/9.50 Five Star account—instant access/no penalty
			9.50 Higher interest account 90 days' notice or charge
			8.50/8.57 Cheque-Save
			9.05/9.50 "City" Cheque-Save
Aid to Thrift	*10.20	—	— * Easy withdrawal, no penalty
Alliance	7.00	8.00	8.75 BankSave. Balance of £2,500. Current account. Balance under £2,500, 7.75. Minimum initial investment £500
			8.50 Gold account. Minimum investment £500. Imm. withdl.
			8.75 Premier ½-yearly/monthly min. £1,000. Imm. wdl. (pen.)
Anglia	7.00	8.00	8.75 Instant gold. Annual interest. No notice or penalty
			9.50 3-year bd. 90 days' not./pen. Differential 2.8 guaranteed
			9.75 Capital plus £10,000+. Annual int. 60 days' not./pen.
Barnsley	7.00	9.00	9.85 Summit account—£1,000+ —3 months' notice
			8.85 Special invest. (28 days' notice) 10.10 monthly inc. a/c
Bradford and Bingley	7.00	9.00	9.50 No notice no penalty on up to 2 withdrawals per annum
			9.75 3 months' notice without penalty
Bristol and West	7.00	8.00	8.75 Plus account £1,000+. No notice. No penalty
			9.50 £20,000+, 9.10 £5,000+, 8.90 £1,000+ 7-day notice Triple Bonus. Also monthly income
			9.75 Special 3-month account, £5,000+, 3 months' notice
Britannia	7.00	9.00	9.75 60 days' notice
Cardiff	8.50	9.60	9.80 90 days' notice or penalty if balance under £10,000
Catholic	7.30	8.30	10.00 £2,000+ Jubilee Bond. Monthly income. 90 days' notice
Century (Edinburgh)	8.85	—	8.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	7.00	9.00	8.85 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.00	8.50 Gold. No notice, no pen. £5,000+, 9.50. £500-£4,999 9.00. Under £500 7.00 Chlt. Gld. mthly. int. occ. 9.11 on £5,000+, 9.50 when mthly. int. + to acc.
Citizens Regency	7.00	—	8.75 7 days, 9.10 1 month, 9.25 2 months, 9.90 3 months
City of London (The)	7.25	8.75	9.60 3 months' notice—no penalty—monthly income
			8.20 7 days' notice, immed. access for amounts over £2,000
Coventry	7.00	8.25	9.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential
			8.60 Moneymaker £20,000+, 9.25 £5,000+, 9.00 £1,000+, instant access no penalty, monthly income option
Derbyshire	7.00	8.25	9.75 3 months' notice. Up to 8.50 no not./pen. monthly int.
Frome Selwood	7.00	10.50	10.50 Gold Minor account for 0-18-year-olds
Gateway	7.00	8.00	9.50 Gold Star £20,000+. No notice. No penalties. 9.25 £5,000+, 8.75 £1,000+
Greenwich	7.00	—	9.55 60-day account (no notice account 9.50-9.00)
Guardian	7.65	—	10.00 8 month notice £1,000 min. access to bal. £10,000+
Halifax	7.00	9.00	9.00 Card cash. Balances under £2,000 7.00
			9.75 Instant extra. No notice/penalty (£500 min.)
			8.50 90 day extra. No notice/penalty (£500 min.)
Heart of England	7.00	8.25	9.50 and 8.65 High Interest. 8.50 Gold Key
Hemel Hempstead	7.00	8.50	10.00 90 days, 9.00 60 days, 9.75 28 days
Hendon	8.00	—	8.00 7-day account. Minimum £500 3 month 9.75
Hinckley and Rugby	7.00	9.50	10.00 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	10.00 Under £10K. 10.25 over £10K mag a/c 6 wks+loss of int
Leamington Spa	7.10	—	8.75 Spa income monthly no notice/penalty £5,000 minimum
			9.50 High flyer—no notice/no penalty £20,000 minimum
			9.25 High flyer £5,000 minimum., 9.00 £500 minimum
			10.15 Super share no not., 14 days' penalty £20,000 minimum
			9.85 Super share £5,000 minimum, 9.25 £2,000 minimum
Leeds and Holbeck	7.00	8.75	8.75 Monthly interest. 9.00 28 days' notice, 9.55 90 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	7.00	8.00	8.50 HRAS 3 months' notice, 9.00 Liquid Gold no penalty, no notice
Leicester	7.00	8.00	9.42 £500+ Immed. wdl. no pen., 8.50 £5,000 min. 1 year, 9.00 £500+ minimum 1 year
London Permanent	7.75	—	10.00 90 days' notice or imm. wdl. no penalty if bal. £7,500+
Midshires	7.00	—	8.75 Prestige £500. 2.75 gtd. 3 yrs. 3 months' notice/penalty monthly income £1,000
Mornington	9.10	—	8.10 £2K, 9.25 £2K+, 9.35 £10K+, 8.90 £20K+
National Counties	‡7.30	8.55	8.80 90 days' notice, no penalty £10,000+. ‡ £1,000
National and Provincial	7.00	9.00	9.50 APEX 3rd iss. (+2.60 gtd. 3 yrs.) 60-day notice/penalty
			9.50 Special share 60-day notice/penalty unless £10,000+
			9.25 Money mse. £5,000+. No notice, no penalty
Nationwide	7.00	—	8.00 FlexAccount £2,000+, 7.25 £25-£1,999
			8.50 Bonus Builder £10,000+, 9.25 £5,000+, 9.00 £2,000+, 9.75 £500+, 8.00 £100+ no notice, no penalty
			9.50 Capital Bonds 3 yrs, 2.5 gtd. diff. 90 days' not./pen.
Newcastle	7.00	8.25	9.50 Two-year term. 8.00 28 days' notice. 9.75 7 days' notice. On demand by arrangement
Northern Rock	7.00	8.25	8.50 Moneyspinner plus £20,000 or more, instant access
			9.00 Moneyspinner plus £10,000 or more, instant access
			9.75 Moneyspinner plus £5,000 or more, instant access
			8.50 Moneyspinner plus £500 or more, instant access
Norwich	8.25	8.50	9.80 7-day share/monthly income option 10.00 on £10,000+
Peckham	8.90	—	8.90/10.40 immediate withdwl. if over £2,000. Monthly income
Peterborough	7.00	8.30	10.00 Double guarantee. 3% diff. gtd. 90-day monthly interest
Portman	7.00	8.25	9.90 Gold seal. Min. £1,000. 1-yr. term then 3 months' notice
			9.00 Flexi-plus. Minimum £500 no notice immediate withdwl.
Portsmouth	7.15	8.65	10.00 3-year, 8.80 90-day, 9.15 30-day, 8.70 7-day
Property Owners	7.50	9.00	10.00 2 year, 8.50 £10,000+, 9.30 3 mths. 8.85 immediate acc.
Scarborough	7.00	8.25	9.20 Over 55s no pens. M.1. min. £10,000 9.20 no not./pen.
Skipton	7.00	8.25	8.90 Sovereign £10,000+, 9.10 £500-£9,999 monthly income, 8.10 minimum investment £2,500 instant access/no pen.
Stroud	7.00	8.25	10.25 2 years, 10.00 90 days, 9.50 28 days' notice
Sussex County	7.00	9.50	9.75 90 day, 8.50 monthly income, 9.25 instant access
Thrift	9.20	—	10.20 3-year term. Other accounts available
Town and Country	7.00	—	8.75 2-year term £10,000+, 9.50 £500-£9,999 wdrwl. available
			9.80-5.75 Moneywise cheque/Visa. Interest varies with bal.
			8.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	8.10	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	8.75 Prime—no notice, no penalty, minimum £500
			9.50 Capital, 90 days' notice/penalty
Yorkshire	7.00	8.00	8.90 Gold key, £10,000+ wdl. no pen. —£10,000 28 d. nt./pn.
			9.50 Plat. key £10,000+ wdl. no pen. —£10,000 60 d. nt./pn.

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

UK COMPANY NEWS

Clyde to buy stake in N. Sea oil

BY DOMINIC LAWSON

Clyde Petroleum is preparing to spend about £20m on the purchase of e stake in a producing North Sea oilfield. The bulk of the money will come from the sale of most of the company's remaining U.S. assets for 518.6m.

Tha sale of these assets — called the Buckle Properties — has been agreed in principle, with a U.S. consortium. Clyde had said earlier that it wanted at least $30m from the sale. But the deepening depression in the U.S. oil and gas industry had forced Clyde to take a lower price, which is likely to result in an extraordinary loss of some $7.5m.

Yesterday Clyde announced half-year 1985 pre-tax profits of £2.6m, compared with the previous first-half outcoma of £9m. After tax of £138,000, net profits emerged at £2.4m, compared with £7.5m.

The shortfall was in large measure due to the planned shutdown of the Buchan North Sea field. Buchant restarted full production on May 20, and aoalysts helleve this will help towards full-year pre-tax profits of £7.5m, about £1.5m short of 1984's record.

Clyde's chief preoccupation is the drtve to acquire a stake io a North Sea producing oilfield, which is greatly needed to provide the cash flow to finaace an aggressive North Sea exploration programme.

The compaoy appears to bava agreement in principlo to buy a stake in any one of the Forties, Claymore, Ninian and Thistle oilfields. The problem for Clyde is that the UK Department of Energy must apprnve any such deal, and the Governmeat has a marked antipathy to the use of North Sea production as a freely tradeabla asset.

However, Dr Colin Phipps, Clyde's choirman, said yesterday thet he expected a deal would be sewn up by the end of this year. Earliar this year Clyde attempted to solve its problem with an £11.7m bid for Pelrolex, a UK company with 1,000 barrels a day of Forties' production. But Clyde was outbld.

Dr Phipps conceded yesterday that Clyde is "a bid target," for companies which already had stroag cash flow aad which covet Clyde's spread of exploralion acreage. Dr Phipps named Britoil, Enlerprise Oil, Rio Tinto-Zinc, ICI, Trafalgar House and Ultramar as potential predators.

● **comment**

Clyde's two-year quest to buy some North Sea cash flow has becoma increasingly a matter of survival as the cash-rich North Sea companies begia a North Sea trawl to pick up underfinanced explorers with increasingly depressed share prices. At 68p, down 3p, Clyde looks as vulnerable as ever, and it canoot encourage the executive directors to know that their major institutional shareholders are the same one that sold off Saxon as sooa as Eoterprise Oil dangled a cheque. Clyde's decision to sell off aome rather unattractive U.S. properties, albeit at a book loss of about $7.5m, has already done a big favour for any potential predator. With its exposure to North Sea high cost projects such as Buchan and Balmoral, Clyde's drive to move into cheap oashore exploration in France and the UK is certainly logical. But if the oil price gets down to $20 a barrel, the company will be virtually unable to finance aven that programme. However, Clyde has a respected team and it must have occurred to them that a managemant buyont at a substantial premium to the current price could he attractivo to the City.

St. Ives shares 40p above tender price

The striking price of shares in St Ives Group, offered for sale by NM Rothschild, has been fixed at 330p, compared with a minimum tender price of 290p. Ignoring 400 multiple applications, 6,425 applications were received for a total of 14.7m shares.

At the strike price the issue was 4.2 times oversubscribed. Applications for less than 600 shares will receive 100 shares, while applications for more than 600 will get about 17 per cent of the number applied for up to a maximum of 50,000 shares.

The basis of applicetion for shares in AMS, which was four times oversubscribed, is as follows: applications for less than 3,500 shares will be according to a weighted hallot, wherehy applications for less than 400 stand to receive 200; between 600 and 1,000 get 400; and those between 1,200 and 3,000 get 600. Applications for over 3,500 shares will receive about 20 per cent of the shares applied for.

JAMES FERGUSON Holdings, the knitwear, property and financial services group, had dealings suspended yesterday oo the announcement of a pending "substantial acquisition." The shares were priced at 12p.

Sunlight Service margins lower

PLANT reorganisation in linen hire, an erosion of margins in commercial cleaning and much higher interest charges have resulted in only a modest improvement in first half pre-tax profits at Sunlight Service Group.

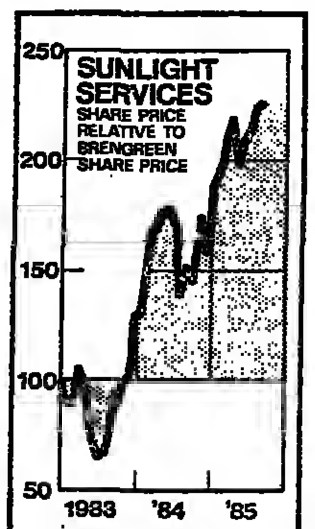
For tha 26 weeks ended Juna 30, 1985 turnover expanded from £25.94m to £31.82m while taxable profits amounted to £1.32m against £1.25m.

The interim dividand is lifted to 1.55p (1.38p), on capital increased by June's £7.4m rights issue. Dirctors theo forecast that the total distribution for the year would be not less than 9p (8.05p).

Earnings per share are given as 4.63p (5.61p).

While operatiag profits for the opening six months showed o satisfactory growth treod — up from £1.81m to £2.03m — the directors explain that the level of increase was restricted hy the final effect of the plant reorganisation in the linen hire division, together with a continued erosion of margins in the commercial cleaning sector. These, together with interest, doubled at £719,000 (£356,000), left the taxable figure just £63,000 ahead.

The directors add, however, that, with the exception of the commercial cleaning side, the group's other operations are trading in line with expectatioos, laundry related activities haviag made "substantial progress towards re-establishing previous levels of operating efficiency."



In the current period the company's investments, in terms of overhead costs, management time and initial trading losses in the markets associeted with the Government's "privatisation" programme continues to increase, the directors state. They say that unless they cao see some tangible beoefits flowing from this sector of the market ia the foreseeahle future it will he necessary to assess the exteot of the group's commitment to this area.

Tax charge for the six months came to £485,000 (£426,000) and minoritiea £1,000 (nil). There was an extraordiaary credit of £52,000 comprising profit from the sale of properties which were surplus to group requirements.

● **comment**

Plont closures and reorganisation at Suulight, following the St George's acquisition, is an old story but it has taken the group longer than it expected to return its enlarged business to its tradilional level of operating margia. Returns in the linen hire operalion are now back up to scratch but much of the year's potential profit has heen lost in the first six months which is the busiest part of the year. Elsewhere, margins pressures in contract cleaaing are an industry-wida problem as the battle for contracts has caused some aggressive quoling. The other bear point is that losses in "privatised" markets are greater than had been hoped for and the group's continued presence in those areas must be in some doubt. Some of the more optimistic forecasts for the full year will have to be trimmed back and something around £5m to £5¼m pre-tax looks more likely now. Taking the pessimistic line the prospective p/e at 188p, down 5p, is 11¼. Even with a relatively dull year io prospect that is a fairly based rating.

United stake is bought by Fleet advisor

By Our Financial Staff

The bitter takeover battla between United Newspapers and Fleet Holdings took an unexpected turn yesterday when Kleinwort Benson, Fleet's financial edvisers, announced that it had acquired a sizeable stake in United. Kleinwort paid £6.3m for a 2.8 per cent holding in United, which is offering £229m for Fleet.

Kleinwort's move is helieved to be without precedent and underlines the growing importance of market tactics in UK takeover bids. It is not uncommon for tha financial adviser of a bidding company to buy shares in the target company. But it is thought to be the first time this idea has been turned on its head.

Kleinwort was offered the market transaction, by broker Hoare Govett. It paid 303½p for 2.08m shares from a leading UK institution.

Kleinwort was at paius to point out yesterday that the purchase did not represent a vota of confidance in United.

A spokesman said: "This purchase has heen made for ahort term reasons. It in no way suggests confidence in the future of United Newspapers.

"Indeed the fact that such a large lina of shares becama available confirms our view that iavestors are concerned about the fundamentals of United's business. We will consider our holding on a dav-to-day basis."

The acquisitian of a substantial interest was seen yesterday as giving Kleinwort, and its client Fleet Holdings, a tactical advantage in the takeover battle. It was suggested that Kleinwort could make it harder for United to underwrite a higher cash offer by selling its holding just ahead of the underwriting in order to depress the United price.

United's advisor, Morgan Greofell said: "Such a substantial share purchase, and its timiag, is wholly inconsistent with the recent commeats oa the quality of United's shares hy Fleet and Kleinwort."

Oa Kleinwort's short-term reasons for the purchase, Morgan said that everyone involved would be interested to koow what those reasons were.

See Lex

Foseco little changed at £17.7m midterm

INCLUDING a first-time contribution from Gibson-Homans, of the U.S., sales of speciality chemicals group Foseco Minsep expanded from £236.8m to £294.7m for the six months endad June 30 1985, but taxable profits edged ahead to £17.7m, compared with £16.88m previously.

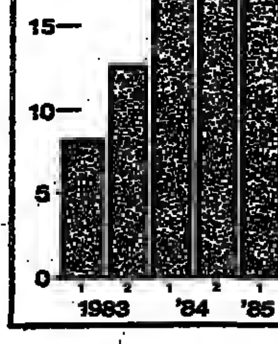
In May, with full-year profits showing a 67 per cent increase from £20.62m to £34.5m, the director said that Gibson-Homans was not expected to have a positive impact on profitability in 1985, although it was expected to enhance group prospacts in the longer term.

The directors now report that the pattern of ectivity experienced in markets served by the group in the first half, is expected to continue in the remainder of tha year.

Key features of tha interim period were good increases, the directors say, in profits from the Foseco sector — metallurgical chemicals — and by the Unicorn sector — Ahrasives and diamond products.

They add that tha group's Fosroc sector experienced reduced demand in most of its major markets. Overall results for Fosroc North America were below expectations, but directors point out that a strategic plan to develop this side is underway with o wide range of products being introduced.

Profits for the six months were struck after interest charges, over £1m highar at £3.56m (£2.53m), and subject to tax up from £6.66m to £7.44m.



After this charge, and minorities and preference payments, attributahle profits came through slightly ahead at £9.37m (£9.15m).

Earnings per share are given as 11.5p (11.2p) while the interim dividend is lifted to 2.95p (2.8p) — last year's final payment was 5.4p.

The company has been notified that Junction Nominees and Railway Pension Investments, both wholly-owned subsidiaries of British Rail Pension Trustee Company, are interested in 3.38m and 2.36m Foseco shares, respectively, which together represent 7.01 per cent of the capital.

● **comment**

Foseco Minsep's profits may have shown a small increasa over last year's first half, but turnover showed e whopping one: £60m against a measly £829,000 at the pre-tax level. Against that background the market appeared indulgent in nudging the shares down only 4p to 190p. About half the increased sales came from Gibson-Homans, an expensiva acquisition which has driven up the interest charge by 41 per cent and which is clearly not going to wash its face for some time to come. The rest has come from Foseco and Unicorn, a feature of the results regarded by some with a certain amount of irony. Thesa two divisions are still widely perceivad as being wedded to cyclical, sluggish industries while the main growth area has been seen as Fosroc — the one division to suffer a "marked" decline. The overall picture at the end of the year will probably be little changed, suggesting pre-tax profits of £36m and a tax charge of 42 per cent. This has the shares on a prospective p/e ratio of 8, a level from which they are unlikely to rise until the City is convinced that the group really is a pioneer of exciting products in growth markets.

Nimslo confident despite losses

BY JOHN SHEPHERD

Nimslo International, the troubled 3-D camera maker based in Bermuda, incurred lower losses of US$2.66m in the seasonally quieter first half to June 30 1985. This compares with US$3.07m in the same period of last year.

Mr Graham Dowson, a director and former chief executive of the Rank Organisation, claimed yesterday that "we are on the way up."

He said: "I would be very disappointed and surprised if the second half was not better than last year's second half," which produced a maiden profit of $199,000 for Nimslo since it joined the USM four years ago.

However, losses over recent years have considerably depleted the halance sheet, and th latest loss (£1.85m at current exchange rates) is equal to 69 per cent of shareholders' funds shown at the end of last December.

Losses on the profit and loss account to that date amounted to $51.48m. Cash and investments totalled just over $2m but Mr Dowson stressed that "we have tha financial resources we need. If we want to go faster and we need more money we will have to go out and get it."

First half interest charges rose by nearly $300,000 to $658,000, reflecting an increase in loans. The results were also hampered by costs associated with the introduction of a 3-D professional camera program.

Nimslo's shares are ona of the USM's poorest performers. Currently languishing at 18½p, unchanged yesterday, they compare with a high of 270p and an issue price of 190p.

Although the original amateur 3-D camera failed to attract high volume sales, a new and cheaper model is being developed which Nimslo intends to launch in the UK and Europe.

The trouble with the old version was that "it was expensive and nobody understood what 3-D was," said Mr Dowson adding that it "was difficult to advertise because you cannot show a 3-D photograph on the TV or in a newspaper."

Turnover on the amateur side was down from $1.46m to $665,000 in the first half although progress was made on the professional sida with turnover up from $9.31m to $13.36m.

The professional side—studios taking both 2-D and 3-D photographs — traditionally fares better in tha run-up to Christmas. Sales in tha second half of 1984 totalled $16.88m.

He said in the first half tha Nimslo had "achieved everything we set out to do," and tha tha Marparts & Services subsidiary, acquired last December was "doing what we bought it for."

Marparts, based in Texas, was a wholly-owned subsidiary of Seamount Industries and organises exports of goods and services from tha U.S. to Mexico.

Hawley buys rest of Insight

Hawley Group, the industrial holding group headed by Mr Michael Ashcroft, is making an agreed hid, worth about £13.6m, to buy out the minority shareholders in Insight Groop, its 73 per cent owned tour operating subsidiary.

The move marks the final stage in Hawley's tidying up of its corporate structure. Completion of the deal will mean that during 1984 and 1985 Hawley will have reduced the number of its quoted subsidiaries from five to nil.

Last month it unvelled an agreed hid worth nearly £8m for the minority shareholding ia Kean and Scott, its USM-quoted home improvements subsidiary.

Insight operates mainly coach tours in Britain for foreign visitors. Hewley is offering two of its own shares for each Insight ordinary and six shares for each Insight convertible participating preference share. Howley shares closed last night at 81p, up 3p on the day, while Insight rose 16p to close at 154p.

Hewley, which earns more than half its profits in the U.S., said yesterday that it had also established a sponsored American Deposit Receipt facility through Citibank to help dealings in its stock in North America.

It is also arganising a $100m revolving transferable advances facility with a number of internotional banks. The facility, being organised hy Credit Suisse First Boston, will have a term of six years. It will replace existiag short-term deht with medium-term borrowiags and provide some additional funds for acquisitions.

Unilever in talks to sell seed crushers

UNILEVER has begun negotiations over the sale, for cash, of its seed extraction ploats at Europoort in the Netherlands, and Spyck and Hamburg in West Germany.

The probable purchaser is Archer Daniels Midland, the U.S. food group, which appears to have made the initial approach to Unilever as part of its objective to establish a base ia Europe. Uailever's oil refining plant in Hamburg, an integral part of the extraction operation, would be part of the deal.

The plants employ about 500 people and have annual capacity of 3m tonnes, half of Unilever's European seed crushing capacity. Oil milling is a core busiaess for Unilever but is not highly profitable.

Davidson Pearce flotation

BY LUCY KELLAWAY

Davidson Pearce, the seventh largest UK advertising agency is to he floated on the stock market in the second week of October. Hill Samuel will be offerioa for sale about one-third of the company's shares at a price which is likely to value the group ot about £18m.

The company was founded in 1970 when Spottiswoode Advertising merged with Davidson Pearce Berry & Tuck. Until 1983 it was a wholly-owned subsidiary of Ogilvy Group, when the company's staff and management gained control by buying 60 per cent of the shares.

After the flotation, management will own 43 per cent of the company. Ogilvy's holding will he reduced to 23 per cent, aad the remalning 33 per cent will he in public hands.

Davidson Pearce specialises in advertising packaged goods. It has been responsible since 1957 for PG Tips chimps advertisements, the longest running TV campaign. Brooke Bond Oxo is among the group's largest clients, which also include TWA, Fiat and British Gas.

In the last two weeks it has added two major new clients, Terry's and Marks and Spencer. Marks was a coup marking a victory over Saatchi and Saatchi and Boase Massimi Pollit.

However, the company claims that its real strength lies in extracting growth ont of its existing cliants. About one-third of the increase in billings, which hove risen from £6m in 1971 to £64m last year, has come from clients which hava been with tha company from the beginning.

Turnover has risen in each of the past 15 years except in 19[illegible] when the industry was hit by strike at ITV. The company has been consistently profitable, and over the last five years profits have grown at a compound rate of abont 26 per cent.

Staff turnover is low for the industry. "Wa hava a reputation for keeping our people as well as our clients," said chairman, Mr Christopher Hawes, adding that the newest member of the company's 10-strong executive committee had been with the company for five years.

Last year profits were £1.7m on turnover of £51m. Tha directors will be making a forecast for the current year that is likely to show an increase of 25 per cent. On thot basis the shares are likely to he priced on a p/e multiple of about 18 times.

Granada sells two insurance subsidiaries

Granada Group, the television, leisure and business services group, has sold its Belgian insurance companies, L'Etoile 1905 S.A. and Eurobel S.A. to Amev, the Dutch insurance company for BFr 129m (£1.6m).

The disposal is expected to expected to result in an extraordinary write-off of about £4.5m in the accounts for tha year to September 28.

Granada's recent interim report showed tha subsidiaries lost £1.4m in the year to December 31 and this, together with e £4.1m provision for prior year losses, will be set against Granada profits for the year to September.

Mr Alex Berostein, Granada's chairman, said trading conditions in the Belgian insurance market had been difficult for a number of years and Granada believed that only larger groups would be able to operate profitably there. The company's shares closed at 184p, up 6 p on the day.

Lura Rann adds from Amsterdam: The acquisition will nearly triple Amev's premium incoma from Belgium to Fl 226m and lift total premium income around 5 per cent based on last year's Fl 4.65bn. The Etoile group includes both life and non-life insurance activities and employs 350.

Amev, which is based in Utrecht, currently is offering a one-for-10 rights issua to raise aroud Fl 318m to help finance a string of acquisitions in the past year. Amev has lifted its staka in the Bilbao Group of Spain, taken over Western Life Insurance of the U.S. and bought a share in Ka-Wah insurance of South-East Asia.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Courtney, Pope		5.5	—	4.5	8.5	6.5
Foseco-Minsep	int	2.95	Jan 2	2.8	—	8.2
Johnsen Jorgensen‡	int	1.25	Oct 31	1	—	3.5
Liberty	int	1.8	Nov 18	1.2	—	6.4
Lorin Electronics‡	int	1	Jan 2	0.5	—	1.5
Southampton IoW	int	4	Nov 22	4	—	14
Sunlight Service†	int	1.55	Oct 29	1.38	¶	8.05
Wordplex	int	0.5	Nov 11	Nil	—	1.8

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Total of not less than 9p forecast. ‖ Increase partly to reduce disparity.

BANK RETURN

BANKING DEPARTMENT

	Wednesday September 25 1985	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,003,000	—
Public Deposits	2,832,559,347	+ 759,901,587
Bankers Deposits	829,745,387	+ 82,237,527
Reserve and other Accounts	1,420,199,815	— 51,412,132
	5,097,158,249	+ 770,727,020
ASSETS		
Government Securities	479,777,771	— 64,000,000
Advance & other Accounts	602,461,899	— 11,760,882
Premises Equipment & other Secs.	4,023,350,180	+ 838,815,851
Notes	11,028,343	+ 7,704,885
Coin	640,356	— 25,680
	5,097,158,249	+ 770,727,020

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in circulation	12,078,971,657	— 17,704,885
Notes in Banking Department	11,028,343	+ 7,704,885
	12,090,000,000	— 10,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	2,048,150,247	+ 443,250,782
Other Securities	10,030,834,653	— 453,250,782
	12,090,000,000	— 10,000,000

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Fri Sept 27 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thur Sept 26 Index No.	Wed Sept 25 Index No.	Tues Sept 24 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (206)	508.31	+0.1	11.34	4.45	11.06	11.81	507.80	510.36	513.82	529.11	577.15	22/1	483.30	25/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	534.66	+0.2	12.32	4.99	10.09	13.04	533.48	540.04	543.74	465.41	562.86	2/9	472.11	26/2	562.86	2/9/85	44.27	11/12/74
3	Contracting, Construction (29)	824.94	—	12.33	5.05	10.31	20.76	824.61	820.24	823.95	657.66	838.68	3/9	684.17	8/3	838.68	3/9/85	71.48	2/12/74
4	Electricals (14)	1414.83	−0.5	11.13	5.24	11.52	35.52	1421.36	1430.28	1442.44	1539.91	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (38)	1252.46	−0.7	12.16	3.61	10.85	30.05	1261.88	1265.94	1274.69	1969.37	1977.60	9/1	1252.44	27/9	2049.05	13/11/84	1252.44	27/9/85
6	Mechanical Engineering (62)	301.60	+0.5	11.15	4.73	10.88	7.55	300.10	300.92	302.64	258.82	316.14	13/5	263.85	25/7	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	205.59	+0.1	12.88	7.82	9.65	5.75	203.42	204.22	206.80	188.95	211.64	30/8	165.08	14/1	211.64	30/8/85	49.65	6/1/75
9	Motors (16)	169.00	+0.3	13.46	5.03	9.04	4.02	168.57	169.29	170.16	130.83	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (18)	925.66	+1.0	8.08	3.89	14.81	15.81	916.88	924.88	932.29	698.52	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (176)	681.39	+0.8	9.30	3.86	13.46	13.25	676.24	676.78	680.86	534.46	707.40	6/9	604.96	3/1	707.40	6/9/85	61.41	13/12/74
22	Brewers and Distillers (23)	712.41	+0.8	9.69	4.06	13.02	13.04	706.59	698.54	696.61	487.00	733.65	6/9	550.86	3/1	733.65	6/9/85	69.47	13/12/74
25	Food Manufacturing (21)	484.26	+0.1	12.28	5.06	10.51	13.61	483.67	484.89	491.88	418.00	513.86	12/3	471.62	25/7	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)	1573.01	+0.9	6.24	2.66	21.70	22.67	1558.96	1578.51	1615.48	1262.64	1662.70	5/6	1400.36	1/3	1662.70	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	1037.57	+0.5	6.69	2.89	17.56	11.95	1032.86	1041.02	1046.30	925.60	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (22)	666.85	+1.1	8.55	4.97	15.33	22.96	659.57	659.97	664.55	586.84	719.49	22/1	590.69	12/7	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1882.10	−0.3	7.77	4.48	16.51	38.80	1888.14	1892.76	1900.59	1286.34	1908.13	6/9	1445.15	3/1	1908.13	6/9/85	55.08	6/1/75
33	Packaging and Paper (14)	351.99	+0.4	10.17	4.35	11.74	7.49	350.51	350.12	354.39	240.62	377.13	9/9	286.36	3/1	377.13	9/9/85	43.46	6/1/75
34	Stores (42)	709.58	+0.9	7.18	3.02	18.84	9.86	703.49	702.60	701.56	467.85	709.58	27/9	529.47	19/2	709.58	27/9/85	52.63	6/1/75
35	Textiles (16)	331.79	+0.9	13.02	5.03	8.72	8.08	328.88	329.60	330.65	280.79	348.58	9/9	293.07	3/1	348.58	9/9/85	62.66	11/12/74
36	Tobaccos (3)	734.27	+2.7	18.36	6.12	6.20	21.66	714.72	714.91	721.84	737.47	1010.69	8/2	714.72	26/9	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (101)	678.86	+0.2	9.40	4.20	13.78	15.03	677.26	678.55	682.88	480.22	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (19)	656.82	+1.7	14.95	5.80	8.84	25.17	645.96	649.62	652.95	637.42	832.26	22/2	645.96	26/9	832.26	22/2/85	71.28	1/12/74
44	Office Equipment (4)	200.90	−1.2	7.97	4.35	14.96	5.79	203.28	202.96	203.85	145.39	207.34	23/8	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1178.46	−0.1	8.03	4.57	15.38	36.20	1179.78	1183.74	1199.31	874.39	1232.64	4/9	958.08	3/1	1232.64	4/9/85	90.80	29/6/62
46	Miscellaneous (64)	816.90	+0.2	7.91	3.97	15.53	15.19	815.41	818.11	829.45	670.70	899.77	3/6	787.88	26/7	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (2)	897.93	−0.2	8.28	3.61	16.11	14.38	899.61	899.13	900.34	0.0	935.70	30/8	701.92	3/1	935.70	30/8/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	642.19	+0.5	9.81	4.10	12.87	13.53	639.01	640.35	644.39	530.43	666.95	4/6	599.75	3/1	666.95	4/6/85	59.01	13/12/74
51	Oils (17)	1134.27	+2.3	16.64	7.73	7.37	59.64	1108.25	1111.88	1115.98	1152.92	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	683.62	+0.7	10.70	4.57	11.74	12.22	678.64	680.17	684.24	582.64	710.76	2/9	636.98	3/1	710.76	2/9/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	469.26	−0.1	—	5.15	—	13.25	469.82	470.55	474.12	397.29	490.51	21/8	430.10	4/1	490.51	21/8/85	55.88	13/12/74
62	Banks (6)	457.54	+0.5	19.58	6.47	7.30	19.80	455.10	452.00	456.63	400.24	503.51	8/7	420.58	15/4	503.51	8/7/85	62.44	12/12/74
65	Insurance (Life) (9)	726.56	—	—	4.66	—	16.03	726.77	731.34	738.85	518.68	770.78	11/6	580.95	4/1	770.78	11/6/85	44.88	2/1/75
66	Insurance (Composite) (7)	348.70	−1.2	—	5.65	—	8.58	352.98	356.70	359.34	284.29	384.33	15/8	303.16	25/2	384.33	15/8/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1087.38	−0.1	7.67	3.94	17.44	25.71	1088.41	1094.21	1096.89	841.59	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	240.22	—	—	4.69	—	5.80	240.15	241.92	243.19	210.86	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	663.84	+0.3	5.65	3.64	23.75	11.44	661.83	660.25	663.23	600.81	664.95	23/9	585.78	10/7	664.95	23/9/85	56.01	20/4/65
70	Other Financial (25)	273.37	−1.1	10.85	6.02	11.34	9.77	276.35	277.10	279.41	256.75	296.92	6/2	261.32	26/7	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (106)	577.59	+0.6	—	3.66	—	11.58	573.92	574.33	580.40	541.22	635.62	7/3	557.78	31/7	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	252.95	+1.0	12.91	6.14	9.03	5.36	250.37	249.08	248.89	283.34	311.08	15/4	240.20	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	573.30	+0.3	13.05	6.95	9.19	23.86	571.51	571.45	573.43	591.27	687.15	22/1	571.45	25/9	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	622.37	+0.6	—	4.66	—	15.86	618.68	619.89	623.82	535.86	646.82	2/9	581.88	3/1	646.82	2/9/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Sept 26	Sept 25	Sept 24	Sept 23	Sept 20	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1288.7	+9.9	1281.1	1276.6	1270.8	1275.2	1280.1	1292.1	1298.7	1140.3	1342.4	15/5	1206.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Sept 27	Day's change %	Thur Sept 26	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.43	+0.01	119.78	0.36	8.85
2	5-15 years	134.20	−0.01	134.45	0.24	10.32
3	Over 15 years	139.27	−0.04	139.32	—	9.92
4	Irredeemables	153.03	−0.24	153.39	—	8.90
5	All stocks	131.58	−0.01	131.84	0.25	9.82
6	Debentures & Loans	113.53	−0.08	113.62	—	7.82
7	Preference	81.26	+0.05	81.22	—	5.21
	BRITISH GOVERNMENT INDEX—LINKED STOCKS					
8	All stocks	111.68	−0.19	111.90	—	2.46

	AVERAGE GROSS REDEMPTION YIELDS		Fri Sept 27	Thur Sept 26	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	9.86	9.84	11.06	11.56	28/1	9.84	26/9
2	Coupons	15 years	10.07	10.06	10.48	11.20	28/1	10.06	26/9
3		25 years	10.09	10.07	10.02	10.72	29/1	10.03	2/1
4	Medium	5 years	10.62	10.60	11.67	12.39	28/1	10.60	26/9
5	Coupons	15 years	10.39	10.38	10.86	11.63	28/1	10.38	26/9
6		25 years	10.10	10.08	10.22	10.97	29/1	10.00	29/7
7	High	5 years	10.69	10.67	11.74	12.53	28/1	10.67	26/9
8	Coupons	15 years	10.53	10.52	11.03	11.76	28/1	10.52	26/9
9		25 years	10.25	10.23	10.31	11.03	29/1	10.09	29/7
10	Irredeemables†		9.72	9.69	9.95	10.49	28/1	9.69	26/9
11	Debs &	5 years	11.27	11.18	12.07	12.63	29/1	11.18	26/9
12	Loans	15 years	11.23	11.21	11.90	12.37	29/1	11.21	26/9
13		25 years	11.18	11.21	11.74	12.37	29/1	11.18	24/9
14	Preference†		12.06	12.07	13.17	13.14	29/1	12.06	27/9
15	Inflation rate	5%	3.54	3.52	3.74	3.72	16/7	3.11	11/3
16		10%	3.35	3.33	3.55	3.51	16/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NAME CHANGE: British Electric Traction has changed its name to BET (46). CONSTITUENT CHANGES: Murray Growth Trust has been deleted and replaced by Pacific Investment Trust (71).

Beer boosts Elders-IXL profits

BY DAVID GOODHART IN LONDON AND ROBERT KENNEDY IN MELBOURNE

ELDERS IXL, the Australian trading, brewing and financial conglomerate which is planning a consortium bid for Allied-Lyons, the British food and drinks giant, yesterday reported a 50 per cent profit increase to a record A$102.58m (US$73.8m) in the year to June 30.

Mr John Elliott, the chairman, said Carlton and United Breweries—acquired by Elders in 1983—had provided about 45 per cent of the profit.

Elders' record profit was buoyed by the results of both its brewing and pastoral operations. The company has declared a one-for-four bonus issue as a result of its success and has lifted annual dividend from 16 cents to 20 cents a share.

Almost half the profit increase came from CUB, which also reduced its assets by A$250m. Market share has also been increasing markedly in South Australia, West Australia and Tasmania.

About 20 per cent of group profits came from the pastoral division and 18 per cent from finance.

One of the highlights of the year for Elders was that it was able to retire a further A$518m of the debt it took on to complete the A$1bn purchase of CUB. The group's external debt was almost halved from A$1.12bn to A$605m. In December 1983, just after the CUB acquisition, debt stood at A$1.75bn.

Speaking later to journalists in London from a satellite link-up screen, Mr Elliott confirmed that the bank funding for a proposed bid for Allied of "not less than 250p" was now agreed and that discussions with four possible consortium bid partners were continuing. The Imperial Group has said it is one of the four.

"We hope to make the bid on October 21 or 22," he said—although there was widespread market speculation yesterday that the bid would in fact come sooner.

Mr Elliott also took the opportunity to complain that speculation over the price Elders would have to pay for Allied or its major parts such as Lyons was far too high. Allied stood at 175p, he said, when Elders started buying and a 250p offer is a 40 per cent improvement on that. Allied was trading late yesterday in London at 293p, up 2p.

Mr Elliott would not be drawn on what eventual price he would be prepared to pay, saying "It depends on what we can pre-sell one or two of the major companies for." He repeated that: "Clearly the food business is the least attractive to us."

Refuting the allegation that it was unfair for Elders to be able to bid for Allied when the British company would need clearance from the Australian authorities to bid for Elders, Mr Elliott said: "British companies have been investing in Australia for a long time. The first time an Australian company considers a major bid in Britain, it seems odd that people find this offensive."

John Elliott: hopes to bid for Allied-Lyons on October 21.

See Lex

Oil and gas losses hit Jardine Matheson

By David Dodwell in Hong Kong

JARDINE Matheson Holdings, Hong Kong's oldest trading house, continues to be blighted by its involvement in shipping, offshore oil service operations and oil exploration in the U.S., Mr Simon Keswick, the group's chairman, revealed yesterday.

Profits after tax and minorities, but before extraordinary items, were HK$66m (US$8.5m) for the six months to the end of June this year. This compares with an interim profit last year of HK$56m, and is based on sales of HK$4.47bn.

An extraordinary provision of HK$65m is being made at the interim stage against losses in its oil and gas exploration programme in the U.S., and a further provision of HK$65m will be made when the full year results are prepared, Mr Keswick said. Additional but unquantified extraordinary costs will also be provided for at the year-end against a fall in the value of shipping assets, he predicted.

Mr Keswick said that core businesses—including marketing and distribution, engineering, transport services, and financial and investment advice—have made useful gains. But the substantial commitments made since 1980 continue to blight Jardine's performance. These include the purchase of a strategic stake in Hongkong Land, the expansion of its shipping fleet, a number of property ventures, and oil and gas exploration.

The group's fleet has been trimmed to 13 vessels, from a peak of 35, but Mr Keswick warned that it was proving increasingly difficult to sell vessels on "acceptable terms." Against news of further losses in oil exploration, Mr Keswick offered the consolation that the drilling programme will expire next year.

Of more substantial comfort, he said that disposals of property and ships had produced almost HK$1bn in cash.

● KA WAH BANK, the troubled Hongkong bank that was recently provided with emergency credit lines by the Hongkong and Shanghai Banking Corporation together with the Bank of China, has revealed unaudited net profits for the six months to the end of June of HK$2.69m, down from HK$29.9m at the interim stage last year. There is no interim dividend.

Currency gains put BHP 56% ahead

BY OUR FINANCIAL STAFF

BROKEN HILL Proprietary, the Australian energy, resources and steel group, showed strong gains during the first quarter ended August 31, thanks to a combination of currency gains and higher profits from its petroleum business.

At the pre-tax level, profits rose 55.8 per cent from A$376.2m to A$586.4m (US$421m), while attributable profits jumped 64 per cent from A$180.4m a year ago to A$296.7m. Sales during the quarter increased to A$2.25bn from A$1.77bn in the comparable period of 1984. Net profits per share were 29 cents against 20 cents.

The company pointed out yesterday that first quarter earnings, reflecting a period of steep decline of the Australian dollar against the U.S. currency, would not necessarily be an accurate indication of half-year or full-year performance.

In particular, higher margins from sales of minerals—notably manganese ore—could be traced to currency factors, the company noted.

In the case of BHP Petroleum, where earnings rose by some 50 per cent, higher domestic and export prices as well as higher volumes of crude oil and natural gas played a major part. Higher exploration costs in the Bass Strait are, however, likely to affect earnings for the remainder of the year.

Swiss Re to lift dividends

SWISS REINSURANCE Company is, at its November 22 shareholders' meeting, to propose increases in dividends—from SwFr 110 to SwFr 115 per share and from SwFr 22 to SwFr 23 per participation certificate, writes John Wicks in Zurich.

Parent-company net earnings rose from SwFr 90m to SwFr 101.2m ($46.4m) last year, and the directors say there should be a similar percentage growth for consolidated profits. This would mean an increase in the group figure from SwFr 105m to some SwFr 118m.

Net premium income of the parent went up last year by 11.2 per cent to about SwFr 3.57bn.

Premium growth was due largely to the strengthening of various foreign currencies in terms of Swiss francs. In keeping with Swiss Re's selective underwriting policy, the actual increase in local currencies was of only 4.6 per cent.

Multi-Purpose in the red

MULTI-PURPOSE Holdings, the diversified investment arm of the Malaysian Chinese Association, swung to a group loss of 7.4m ringgits (U.S.$3m) in the first six months of 1985 from a year-earlier profit of 10.6m ringgits, AP-DJ reports from Kuala Lumpur. Group turnover, edged up 1.3 per cent to 311.1m ringgits.

The group said its shipping, engineering and heavy equipment operations sustained losses in the half year. It made a 5.6m ringgit provision for the diminished value of shipping assets, which include 25 ships.

Multi-Purpose, which also has plantation, trading, gambling, property development and banking interests, said results would not recover significantly for the remainder of the year.

Energy side gives ENI good first half

By James Buxton in Rome

ENI, the Italian state energy group, forecasts consolidated profits of L400bn ($222m) for 1985. If achieved, this would be the best result in the company's recent history.

The group has told the government that it will not be asking for its traditional grant in 1986. This year it received L815bn. Grants received since 1982 amount to L4.585bn.

ENI revealed yesterday that it made operating profits of L2,221bn in the first half of 1985 on sales which were up 4.5 per cent at L24,896bn. Operating profits as a percentage of turnover rose from 6.5 per cent in the first half of 1984 to 8.9 per cent in the first half of 1985.

Last year ENI cut its losses for the full-year period to L88bn, from the 1983 figure of L1,449bn.

ENI's debt in the first half of 1985 fell by L2,900bn to L17,962bn at the end of June. This produced a cut of L107 bn in debt servicing which fell to L850bn.

ENI attributes much of its improved results to better performance by its energy division, which accounts for 86 per cent of sales.

ENI's chemical division, headed by Enichem, suffered a fall in sales in the first half of 1985—due mainly to a fire at its ethylene cracker at Priolo in Sicily, which led to the cracker being shut down.

Siemens and Gould linked on Wall Street reports

BY JONATHAN CARR IN FRANKFURT

SIEMENS, West Germany's biggest electricals concern, is believed to be pursuing a take-over of Gould, the U.S. high technology company active in industrial automation systems.

Siemens headquarters had "no comment" on market reports that a take-over offer had already been made for Gould, which has a stock market value of around $1.3bn.

But the step would fit well into Siemens strategy, strengthening its position in the U.S. in the industrial automation field to which it is giving very high priority.

At the start of this year Siemens sought to acquire Allen-Bradley, another leading U.S. maker of factory automation systems, but lost the bid to Rockwell, which paid $1.65bn.

Since then Siemens has been approached by "dozens" of U.S. companies willing to sell out, according to Dr Karlheinz Kaske, the chief executive.

Siemens has plenty of ready cash. Last year net profit rose by one third to DM 1.1bn ($413m) and another sharp increase is expected this year.

Gould, which has been hit by the troubles in the U.S. semi-conductor industry, had sales last year of $1.4bn and turned in net profits of $17.8m after a $71.5m loss against discontinued operations.

In recent years the group's trading fortunes have been chequered with net profits fluctuating from a best ever return of $106m back in 1979.

Canadian telecom group runs up further deficit

BY OUR FINANCIAL STAFF

MITEL, the Canadian telecommunications equipment group, currently the target of a takeover bid from British Telecom, has turned in a further loss for the second quarter of 1985.

Operating losses deteriorated to C$11.3m (U.S.$8.3m) from the C$10m of the comparable 1984 quarter, to leave the six month deficit standing at C$26.6m, against C$27.8m.

Mitel, said that despite the increase from C$93.5m to C$104.1m for the second quarter, the results were "clearly disappointing." It said the semi-conductor industry continues to falter under its worst ever recession.

The group added that reduced product profit margins were caused by the introduction to volume production of the SX-2000 Generic 1000 and the SX-2000 MS-2001. Product profit margins were further reduced by increased price competition in the U.S. PABX market.

Mitel said internal cash flow approached break-even levels in the quarter with the first half of the year remaining postive. Stocks had dropped by C$20m

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$320	27	15.50 A	–	–	–	–	$ 229
GOLD C	$340	49	2	2	13	–	–	"
GOLD C	$360	20	2.30	15	7.50	–	–	"
GOLD P	$300	803	1.50	–	–	–	–	"
GOLD P	$320	17	5	–	–	–	–	"
		Dec.		March		June		
SILVER P	$700	5	100	1	98	–	–	$609
$/FL C	Fl.300	25	2.80	13	12.80	–	–	Fl.302
$/FL C	Fl.305	53	7.30	10	10.30 B	–	–	"
$/FL C	Fl.310	112	2	10	8.50 B	–	–	"
$/FL C	Fl.315	23	4	5	7 B	100	8 B	"
$/FL C	Fl.320	8	2.80	85	5.50	–	–	"
$/FL C	Fl.325	10	2	2	4.50 B	–	–	"
$/FL C	Fl.330	6	1.60	20	3.80	–	–	"
$/FL C	Fl.335	5	1.30	1	3.20	2	4.50 B	"
$/FL C	Fl.340	10	0.50	10	2.30	–	–	"
$/FL C	Fl.370	10	0.20	–	–	–	–	"
$/FL P	Fl.300	204	8.90	10	15 A	203	18.50	"
$/FL P	Fl.305	111	11.60	27	18 A	–	–	"
$/FL P	Fl.310	107	15.50 A	11	20.60	–	–	"
$/FL P	Fl.312	4	12	169	23.30	–	–	"
$/FL P	Fl.320	5	22	12	27	–	–	"
$/FL P	Fl.330	10	31.60	3	35.60	–	–	"
$/FL P	Fl.335	5	32 A	160	39.50 A	–	–	"
$/FL P	Fl.340	–	–	7	42.30	–	–	"
£/$ C	$150	258	11.30	–	–	–	–	$ 141.30
£/$ C	$145	250	2.10	–	–	–	–	"
		Oct.		Jan.		Apr.		
ABN C	Fl.500	108	5.30	20	13.60	21	25.10	Fl422
ABN P	Fl.480	188	2	52	7.50	5	9.50	"
AEGN C	Fl.100	89	0.40	836	2.50	42	4	Fl. 92
AEGN P	Fl.100	874	2	17	8.20	16	2	"
AH C	Fl.270	–	–	132	5.80	22	8.20	Fl.265.50
AH P	Fl.240	26	0.60	23	2.80	–	–	"
AKZO C	Fl.180	218	4.20	537	8	25	10.50	Fl.181.80
AKZO P	Fl.180	867	1.80	753	4.40	50	8.40	"
AMRO C	Fl.82	188	1.70	47	4.70	4	6.20	Fl.83
AMRO P	Fl.85	89	1.40	72	3.70	8	4	"
GIST C	Fl.220	106	0.60	36	8.70 B	17	12.50	Fl.216.50
GIST P	Fl.220	35	3 A	32	8.60 A	20	10	"
HEIN C	Fl.170	17	0.70	162	4.60	22	7	Fl.162
HEIN P	Fl.160	7	1.50	17	3.20	32	4	"
HOOG C	Fl.65	76	0.40	105	2.30 A	64	3.50	Fl. 61.70
HOOG P	Fl.60	257	0.60	132	2	65	2.70	"
KLM C	Fl.55	746	0.20	125	1.10	15	2.80	Fl. 54.30
KLM P	Fl.60	1056	6.10	117	6.50	–	–	"
NEDL C	Fl.160	112	4.50	20	11	–	–	Fl.163.50
NEDL P	Fl.160	45	2.70 B	42	5.50	–	–	"
NATN C	Fl.75	89	1.10 A	26	2.50	11	5.80	Fl. 73.40
NATN P	Fl.72	5	1.90	36	2.90	8	3	"
PETR C	Fr.6000	–	–	6	300	–	–	Fr. 6140
PETR P	Fr.6500	–	–	4	280	1	500	"
PHIL C	Fl.50	84	0.30	327	2	199	3.20	Fl. 47.60
PHIL P	Fl.50	280	2.60	157	3.50	13	4	"
RD C	Fl.190	642	3.70	780	8.20	187	12	Fl.187.50
RD P	Fl.200	72	15.30	627	15.50 A	15	13.50	"
ROBE C	Fl.75	28	0.60	–	–	50	3.80	Fl. 74.90
ROBE P	Fl.77.75	–	–	–	–	2	2.30	"
UNIL C	Fl.340	20	1.90	42	8.30	2	14	Fl. 328
UNIL P	Fl.320	127	1.40	12	6.50	43	2	"

TOTAL VOLUME IN CONTRACTS: 50,794

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*540)	500	48	57	77	2	10	16
	550	10	32	40	25	30	22
	600	2	12	20	62	52	65
Cons. Gold (*447)	390	47	55	70	2	2	13
	420	20	40	50	11	26	35
	460	5	12	32	40	42	54
	500	2	2	17	77	77	62
Courtaulds (*142)	120	21	22	32	1	1	3
	130	21	25	30	1½	2	4
	140	12	18	21	5	4	6
	160	3½	8	13	12	12	14
Com. Union (*216)	180	35	–	–	2	–	–
	200	15	27	32	4	7	10
	220	2	14	21	12	18	20
	240	2	2	11	29	21	53
G.E.C. (*155)	160	2	15	22	6	10	12
	180	8	7	11	25	26	26
	200	1	2	2	45	46	46
Grand Met. (*328)	280	26	22	72	1	2	7
	300	27	47	55	2	7	11
	330	12	23	32	2	12	24
	360	3	2	14	12	38	42
I.C.I. (*647)	600	22	77	90	4	10	20
	650	22	50	60	20	27	37
	700	2	25	32	27	60	70
	750	1	12	–	107	110	–
Land Sec. (*301)	260	44	47	–	0½	2	–
	280	24	28	36	1	5	7
	300	7	12	24	7	11	14
	330	2	5	12	31	34	35
Marks & Sp. (*129)	120	41	–	–	1	–	–
	130	31	22	39	1	3	4
	140	21	25	22	1	4	5
	160	7	11	14	5	6	10
Shell Trans (*661)	650	37	22	62	7	12	20
	700	6	24	35	30	35	42
	720	2	10	12	75	75	76
Traf'gar Hse (*342)	325	25	–	–	8	–	–
	330	–	22	35	–	5	9
	355	7	–	–	14	–	–
	360	–	14	23	–	25	29
	385	2	–	–	43	–	–
	390	–	2	13	–	50	50

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
BAT Inds (*253)	260	15	25	38	12	16	25
	280	6	15	23	22	31	40
	300	3	8	17	45	50	57
	330	1	4	2	72	60	83
Barclays (*559)	335	37	–	–	2	–	–
	360	–	40	52	–	13	20
	385	12	–	–	30	–	–
	390	–	28	36	–	37	42
	430	–	9	–	–	65	–
Brit. Aero (*420)	330	100	110	118	1	2	4
	360	70	80	88	2	4	10
	390	43	65	67	5	10	18
	420	25	35	42	14	25	32
	460	7	–	–	40	–	–
BritTelecom (*199)	170	33	–	–	1	–	–
	180	24	25	33	2	4	2
	200	2	16	21	8	12	14
	220	2	6	10	24	25	22
Imperial Gr. (*198)	160	42	47	58	1½	3	4
	180	22	29	34	4	7	11
	200	10¾	20	25	16	16	20
	220	4½	–	–	26	–	–
LASMO (*268)	240	40	50	–	4	8	–
	260	27	38	48	2	18	20
	280	18	27	38	20	25	30
	285	2½	–	–	30	–	–
	300	–	18	25	–	40	45
Lonrho (*161)	140	12	20	21	3	4½	6
	160	4	2	11	12	11	16
	180	1½	4	–	30	21	–
P. & O. (*405)	360	23	27	–	1½	2	–
	390	29	42	62	6	16	16
	420	9	22	30	16	26	28

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Racal (*138)	120	12	24	22	2½	3	10
	140	11	17	24	11	14	18
	150	4	10	15	24	25	26
	160	1	2	10	44	44	44
R.T.Z. (*547)	500	60	75	–	4	14	–
	550	28	42	52	20	32	42
	600	7	17	26	60	67	70
Vaal Reefs (*370)	60	13	12	12	1½	3½	6¼
	70	2¼	10	13	5	7½	11
	80	2½	2½	3	18½	14½	17½
Ex10% 1989 (*£96)	92	6⅛	–	–	0⅛	–	–
	94	4⅛	4⅛	–	0⅜	0⅜	–
	96	2⅛	2⅛	–	0⅞	0⅞	–
	98	0⅝	1	–	0⅞	0⅞	–
Tr 11¾% 1991 (*£105)	102	–	–	2⅞	–	–	0⅝
	104	–	–	1⅛	–	–	1⅛
	106	–	–	0⅝	–	–	2⅛
Tr. 11¾% 03/07 (*£111)	108	3⅝	4⅛	4⅝	0⅜	0⅞	0⅞
	110	6	2⅛	2⅜	0⅝	1⅛	1⅜
	112	0⅝	1⅛	2⅛	1⅝	2⅛	2⅝

Option		Calls Dec.	Calls Mar.	Calls June	Puts Dec.	Puts Mar.	Puts June
BTR (*350)	325	45	–	–	6	–	–
	330	–	45	58	–	16	22
	350	28	–	–	27	–	–
	360	–	30	40	–	58	45
	375	17	–	–	58	–	–
Beecham (*321)	300	30	40	48	6	10	13
	330	17	22	28	17	25	28
	360	7	13	–	42	43	–
Bass (*579)	500	25	105	–	2	10	–
	550	55	65	75	17	23	20
	600	20	33	40	37	46	52
De Beers (*$4.53)	430	58	65	70	23	35	40
	460	30	45	60	40	55	37
	500	10	33	–	72	85	–
	550	5	15	–	185	130	–
GKN (*222)	200	29	36	–	4	5	–
	220	18	22	29	12	16	17
	240	8½	12	12	24	27	29
Glaxo (*1260)	1250	100	130	150	27	60	53
	1300	75	105	130	85	70	90
	1350	55	72	–	25	110	–
Hanson (*196)	180	25	29	36	4	5	2
	185	14	–	–	10	–	–
	200	–	17	22	–	17	20
	215	7	–	–	25	–	–
Jaguar (*271)	240	44	50	–	2	7	–
	260	28	35	44	10	12	15
	280	19	24	33	22	29	25
	300	11	13	–	22	35	–
	330	4	–	–	60	–	–
Tesco (*253)	238	27	–	–	4	–	–
	240	–	30	38	–	9	11
	252	13	–	–	15	–	–
	260	–	20	28	–	17	20
£/$ (*144.20cts)	125	16.30	17.30	17.20	0.70	2.20	3.60
	130	11.60	12.70	14.00	1.60	3.40	5.20
	135	8.10	2.00	10.50	3.30	5.70	7.20
	140	4.70	7.50	8.90	5.40	7.20	8.80
	145	2.60	4.60	2.40	8.20	11.00	12.50
	150	1.50	3.40	4.90	11.90	13.90	15.90
$/DM (*37.62cts)	33	4.95	6.35	5.80	0.18	0.32	0.50
	34	4.05	4.50	5.05	0.30	0.45	0.70
	35	3.18	3.73	4.32	0.35	0.68	0.25
	36	2.36	3.10	3.63	0.63	0.95	1.25
	37	1.63	2.50	3.05	0.83	1.26	1.50
	38	1.20	2.00	2.60	1.40	1.85	2.13

Option		Calls Sep	Calls Oct	Calls Nov	Calls Dec.	Puts Sep.	Puts Oct.	Puts Nov	Puts Dec.
FT-SE Index (*1279)	1200	85	–	–	105	1	–	–	10
	1220	58	40	20	64	1	9	16	22
	1250	–	25	22	–	–	17	25	–
	1300	1	14	25	33	25	32	40	40
	1325	1	8	15	–	48	50	53	–
	1350	1	2	2	17	73	75	72	72

September 27 Total Contracts 6,558 Calls 2,232 Puts 2,219
*Underlying security price.

BASE LENDING RATES

A.B.N. Bank ... 11½%	■ Hambros Bank ... 11½%
Allied Dunbar & Co. ... 11½%	Heritable & Gen. Trust 11½%
Allied Irish Bank ... 11½%	■ Hill Samuel ... §11½%
American Express Bk. 11½%	C. Hoare & Co. ... 11½%
Henry Ansbacher ... 11½%	Hongkong & Shanghai 11½%
Amro Bank ... 11½%	Johnson Matthey Bkrs. 11½%
Associates Cap. Corp. ... 12 %	Knowsley & Co. Ltd. ... 12 %
Banco de Bilbao ... 11½%	Lloyds Bank ... 11½%
Bank Hapoalim ... 11½%	Edward Manson & Co. 12½%
BCCI ... 11½%	Meghraj & Sons Ltd. ... 11½%
Bank of Ireland ... 11½%	Midland Bank ... 11½%
Bank of Cyprus ... 11½%	■ Morgan Grenfell ... 11½%
Bank of India ... 11½%	Mount Credit Corp. Ltd. 11½%
Bank of Scotland ... 11½%	National Bk. of Kuwait 11½%
Banque Belge Ltd. ... 11½%	National Giro Bank ... 11½%
Barclays Bank ... 11½%	National Westminster 11½%
Beneficial Trust Ltd. ... 12½%	Northern Bank Ltd. ... 11½%
Brit. Bank of Mid. East 11½%	Norwich Gen. Trust ... 11½%
■ Brown Shipley ... 11½%	People's Trust ... 12½%
CL Bank Nederland ... 11½%	PK Finans Intl. (UK) 12 %
Canada Permanent ... 11½%	Provincial Trust Ltd. ... 12½%
Cayzer Ltd. ... 11½%	R. Raphael & Sons ... 11½%
Cedar Holdings ... 12 %	Roxburghe Guarantee 12 %
■ Charterhouse Japhet ... 11½%	Royal Bank of Scotland 11½%
Choulartons**	Royal Trust Co. Canada 11½%
Citibank NA ... 11½%	■ J. Henry Schroder Wagg 11½%
Citibank Savings ... ¶12½%	Standard Chartered ... ‖11½%
City Merchants Bank ... 11½%	TCB ... 11½%
Clydesdale Bank ... 11½%	Trustee Savings Bank 11½%
C. E. Coates & Co. Ltd. 12 %	United Bank of Kuwait 11½%
Comm. Bk. N. East ... 11½%	United Mizrahi Bank ... 11½%
Consolidated Credits ... 11½%	Westpac Banking Corp. 11½%
Continental Trust Ltd. 11½%	Whiteaway Laidlaw ... 12 %
Co-operative Bank ... 11½%	Williams & Glyn's ... 11½%
The Cyprus Popular Bk. 11½%	Yorkshire Bank ... 11½%
Duncan Lawrie ... 11½%	■ Members of the Accepting Houses Committee.
E. T. Trust ... 12 %	* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
Exeter Trust Ltd. ... 13 %	‡ Call deposits £1,000 and over 8.00% gross.
Financial & Gen. Sec. 11½%	§ 21-day deposits over £1,000 8.25%.
First Nat. Fin. Corp. ... 13 %	¶ Mortgage base rate.
First Nat. Sec. Ltd. ... 13 %	** See Provincial Trust Ltd.
■ Robert Fleming & Co. 11½%	‖ Demand deposits 8.00%.
Robert Fraser & Ptns. 12½%	
Grindlays Bank ... ‡11½%	
■ Guinness Mahon ... 11½%	

WORLD STOCK MARKETS

NEW YORK

Japanese stocks tumble

SHARE PRICES plunged in hectic trading on the Tokyo Stock Exchange yesterday, when investors turned to profit-taking on concern over the direction of the yen against the dollar, dealers said.

The Nikkei Dow market average plunged 150.79 to 12,538.71, below 12,600 for the first time in more than a week, after losing 15.31 Thursday and opening firmer yesterday. Turnover was 730m shares against Thursday's revised 1,350m.

Export related issues continued to slide, while Domestic Orientated shares which rose Thursday on the yen's strength fell back on profit-taking and on a loss of energy after Thursday's record level activity.

The broader based Stock Exchange index lost 13.90 to 1,010.33. The second section also eased in a trade of 10m (14m) shares.

"Thursday's turnover was three times normal and that wears everyone out physically, mentally and financially," said a Yamaichi Securities dealer. "Yesterday they started out ready to give it a try again, but the energy just couldn't hold."

Dealers said active selling from overseas continued to push down international populars as it had Thursday. One dealer said foreigners have become resigned to the poor outlook for Blue Chips and are switching to domestic-demand related shares.

Hitachi, which tumbled Y22 to 630, led export-related issues down. The weak semiconductor industry acted as a negative influence and talk of a 200-210 yen range for the dollar drove investors away. Kyocera plummeted 210 to Y3,050.

Large capital Trading Houses, Shipbuilders, Utilities and asset-backed non-life Insurances, Constructions and Properties that rose Thursday on the "triple merit" theme of a strong yen, low interest rates and lower crude oil prices, fell yesterday on profit taking.

Against the general trend, Paper/Pulps firmed on bargain hunting among recently ignored shares.

Dealers said Paper/Pulps rose because a strong yen means lower raw material prices, while poor balance sheets will mean lower interest payments.

The New York stock exchange and most other exchanges were closed yesterday, due to hurricane Gloria.

CANADA

Sparked by rising energy issues, stocks advanced in quiet trading yesterday, when the New York and American Stock Exchanges said they would not open, due to Hurricane Gloria.

By midday, the Toronto Composite index added 12.7 at 2,645.7 and the Oil and Gas index was up 64.7 at 3,266.5. But Golds lost 18.5 to 4,267.2.

Shell Canada were active and ahead $1 to $24¼.

Oils strengthened, paced by Imperial Oil A, up $1½ to $50¼ and Texaco Canada gaining $1½ to $32. Among other integrateds, Gulf Canada rose $½ to $20¼ and Husky added $¼ at $10. Too oil active was Numac, up $¼ at $11⅞.

Mitel shed $¼ to $9½ on an increased second quarter operating loss.

HONG KONG

Mostly lower on selling mainly by overseas fund managers.

Concern about the banking sector's exposure to the Oriental Overseas shipping group and expectation of a decline in Hong Kong's external trade, due to rising protectionism, were behind the weakness.

The Hang Seng index finished 0.07 off at 1,511.80. Turnover $HK247.43m ($HK254.79m).

However, Jardine Matheson rose 20 cents to $HK11.10 on short-covering — it reported slightly lower-than-expected net profits in the first-half of $HK66m, a 14 per cent growth over the year ago period.

After the market close, Hang Lung Development, up 10 cents at $HK8.50, reported a 44 per cent jump in its 1984-85 net profits to $HK185.77m.

GERMANY

Leading share prices ended a quiet mixed session, with trading largely limited to operators squaring some positions before the month's end.

Foreign investors were largely absent from markets. The dollar's soft tone continued to cause concern over export-orientated values, but a late technical upward reaction brought selected stocks higher after losses incurred in the wake of the dollar's plunge at the beginning of this week.

Motors and Banks were steady to firmer, but Chemicals ended lower.

Carmaker Daimler edged up DM 3 to 963, and Porsche were DM 13 higher at 1,310.

Retailers continued firm, with Karstadt up DM 4 at 290, Kaufhof added DM 9.50 at 319.50 and Horten DM 6 at 219.

In Steels, Kloeckner rose DM 3 to 76 on news that it will post a clear operating profit for the year ending September 30, after a DM 148m loss last year.

Engineerings were generally firmed.

SWITZERLAND

Domestic stock prices continued lower in moderate trading for the fifth consecutive day, due to profit-taking after the uptrend of the past summer months. An uncertain currency situation and Wall Street's recent mixed performance introduced a note of caution.

Privatbank Vaduz picked up Frs 40 to 2,090 in response to a planned capital increase and the issue of participation certificates.

Major Banks drifted lower.

Financials and Holding continued lower. Oerlikon-Buehrle bearer shed Frs 60 to 1,450 and its Registered Frs 5 to 315 on further consideration of interim results.

Insurances also were mostly lower.

Fischer Bearer were down Frs 40 to 990 after interim results.

Dollar stocks traded around overnight New York closing levels.

Swiss bonds finished little changed.

AUSTRALIA

Spurred by strong profit announcements, share prices rose to another record high in active trading.

The All Ordinaries Index finished 8.7 up at a record 980.5, the All Industrials 11.3 up at 1,445.7, All Resources 6.5 up at 420.9 and Solid Fuels 7.6 up at 471.9.

National turnover 52.4m (56.5m) worth A$103.9m (A$68.3m), with rises outnumbering falls 261 to 165.

Traders said markets were buoyed by profit announcements from two of the country's biggest companies, Broken Hill Proprietary (BHP), up 20 cents at A$7.68, and Elders IXL, up 24 cents at A$3.72.

PARIS

French shares maintained their firm tone in moderately active late trading, with investors moving in to buy stock that they judged had fallen too sharply Thursday.

Gains led declines by 95-to-68, with 30 shares unchanged.

BRUSSELS

Shares rebounded strongly yesterday after a weak performance a day-earlier.

The index for the Cash Market rose 20.07 to 2,453.25 on strong gains by stocks in the Chemical sector.

Dealers said the rebound was in part a technical reaction to the collapse of prices earlier this week. There also is more conviction in the market that Special Tax Legislation for investors will be renewed next year whatever Government comes to power after National elections.

AMSTERDAM

Dutch shares saw slight improvement across the board in more active trading, after a week of sharp falls in line with the decline of the dollar.

The U.S. unit was fixed higher at 3.0175 and hovered above the three guilder mark in the afternoon. The dollar's rapid descent earlier this week unnerved most investors here and several issues saw falls of up to Fr 10.

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK

STANDARD AND POORS

N.Y.S.E. ALL COMMON

TORONTO

MONTREAL

NEW YORK ACTIVE STOCKS

NOTES—Prices on this page are as quoted on the individual exchanges and are the last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar improves

The dollar was generally firmer yesterday with trading volume inhibited by the closure of many U.S. markets due to an approaching hurricane. The stronger trend was underpinned by better than expected U.S. trade figures although the dollar failed to pick up against the yen amid fears of further central bank intervention.

The U.S. unit fell to Y218.45 from Y220.20, registering its lowest closing level since December 1981. However it was firmer against the D-mark at DM 2.6785 from DM 2.6600 and SwFr 2.1925 compared with SwFr 2.1775. It rose against the French franc to FFr 8.18 from FFr 8.12. On Bank of England figures, the dollar's exchange rate index rose from 131.6 to 132.2.

Sterling was quite weak all round as the market reacted to rumours about possible entry into the European Monetary System. Dealers suggested that sterling would probably be allowed to fall significantly against the D-mark before entry was contemplated. Against this background sterling fell to DM 3.7675 from DM 3.8275 and FFr 11.5050 from FFr 11.6800. It was also weaker against the yen at Y307.25 from 316.75 and SwFr 3.0850 from SwFr 3.1325. Its exchange rate index fell from 82.0 to 80.5, having touched 80.1 during the afternoon. Against the dollar it fell to $1.4060-1.4070, a decline of 3.2c.

STERLING INDEX

	Sept 27	Previous
8.30 am	81.0	82.6
9.00 am	81.0	82.3
10.00 am	80.7	82.1
11.00 am	80.4	82.0
Noon	80.2	81.9
1.00 pm	80.2	81.9
2.00 pm	80.1	82.0
3.00 pm	80.2	82.1
4.00 pm	80.5	82.0

£ IN NEW YORK

	Sept. 27	Prev. close
£ Spot	N/A	$1.4180-1.4200
1 month	N/A	0.46-0.45 pm
3 months	N/A	1.22-1.15 pm
12 months	N/A	3.20-3.10 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

Sept 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3980-1.4214	1.4060-1.4070	0.48-0.43c pm	3.80	1.17-1.12pm	3.26
Canada	1.9103-1.9310	1.9180-1.9280	0.55-0.46c pm	3.15	1.28-1.14pm	2.52
Nethlnd.	4.20½-4.27¼	4.24¼-4.25¼	2¼-2c pm	8.00	6-5⅞pm	5.59
Belgium	75.76-76.97	76.55-76.66	24-17c pm	3.21	48-35pm	2.11
Denmark	13.63½-13.85¼	13.70-13.80	4½-3½ore pm	3.49	10¼-9¼pm	2.82
Ireland	1.2121-1.2246	1.2203-1.2213	0.25-0.10pm	1.72	0.60-0.28pm	1.44
W. Ger.	3.73½-3.79½	3.76¼-3.77¼	2½-2¼pf pm	7.37	6½-6¼pm	6.63
Portugal	232½-239¼	232½-237	85c pm-285dis	−5.85	320-1270d	−13.60
Spain	228½-232	229-230	5c pm-45dis	−1.05	80-202dis	−2.46
Italy	2525¾-2562¼	2544½-2545½	par-4lire dis	−0.94	10-14dis	−1.89
Norway	11.15¾-11.29¾	11.21½-11.22¼	¼-1¼ore dis	−0.80	2¾-3⅞dis	−1.18
France	11.40¾-11.58½	11.50-11.51	¼-1¼c pm	0.60	1⅞-¼pm	0.36
Sweden	11.25¾-11.40½	11.32½-11.33¼	2½-3½ore dis	−3.16	11-12¼dis	−4.10
Japan	305¾-313	306¾-307¼	1.40-1.31y pm	5.27	3.98-3.72pm	4.94
Austria	26.27-26.66	26.36-26.46	16¾-15gro pm	7.21	41½-37¼pm	5.97
Switz.	3.05½-3.11	3.08-3.09	2-1⅞c pm	7.54	5½-5¼pm	6.81

Belgian rate is for convertible francs. Financial franc 76.60-76.70. Six-month forward dollar 1.91-1.86c pm, 12-month 2.95-2.80c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Sept 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3980-1.4218	1.4060-1.4070	0.46-0.43c pm	3.80	1.17-1.12pm	3.26
Ireland†	1.1500-1.1622	1.1520-1.1550	0.25-0.15c pm	2.08	0.65-0.46pm	1.82
Canada	1.3600-1.3670	1.3642-1.3652	0.06-0.09c dis	−0.66	0.23-0.28dis	−0.75
Nethlnd.	2.9940-3.0270	3.0195-3.0205	0.58-0.55c pm	2.28	1.77-1.74pm	2.34
Belgium	53.95-54.50	54.40-54.50	2-3c dis	−0.56	11-13dis	−0.89
Denmark	9.68-9.77¼	9.74½-9.74¾	par-½ore dis	−0.31	½-1¼dis	−0.41
W. Ger.	2.6560-2.6880	2.6780-2.6790	0.81-0.76pf pm	3.53	2.45-2.40pm	3.63
Portugal	167-170	167-169	25-250c dis	−9.75	375-1050d	−19.86
Spain	162.55-164.10	163.15-163.65	55-75c dis	−4.78	180-260dis	−5.39
Italy	1796-1812	1809-1810	7-8lire dis	−4.99	22-23dis	−4.99
Norway	7.93-8.00¾	7.97½-7.97¾	2¾-3¼ore dis	−4.52	8¾-9¼dis	−4.52
France	8.11¾-8.19¾	8.17¾-8.18¼	1.50-1.75c dis	−2.39	5.50-6.25dis	−2.88
Sweden	8.01-8.07	8.05½-8.06	4½-5¼ore dis	−7.46	14¾-15¾dis	−7.46
Japan	217.50-221.60	218.40-218.50	0.29-0.25y pm	1.48	0.94-0.89pm	1.67
Austria	18.67-18.87	18.72-18.82	5½-4½gro pm	3.27	14-11½pm	2.71
Switz.	2.1750-2.2050	2.1920-2.1930	0.67-0.62c pm	3.53	1.96-1.91pm	3.53

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.45-54.56.

OTHER CURRENCIES

Sept 27	£	$		£ Note Rates
Argentina Austl.	1.1224-1.1263	0.8000-0.8010	Austria	26.40-26.70
Australia Dollar	1.9640-1.9690	1.4025-1.4065	Belgium	76.80-77.80
Brazil Cruzeiro	10,887-10,967	7,760-7,800	Denmark	13.67-13.81
Finland Markka	8.0575-8.1005	5.7430-5.7480	France	11.45-11.60
Greek Drachma	183.00-186.90	129.80-131.00	Germany	3.72-3.76
Hongkong Dollar	10.9850-10.9950	7.7725-7.7825	Italy	2530-2575
Iran Rial	120.60*	85.10*	Japan	303-311
Kuwait Dinar (KD)	0.4130-0.4150	0.29715-0.29735	Netherlands	4.15-4.25
Luxembourg Fr.	76.55-76.65	54.40-54.50	Norway	11.19-11.30
Malaysia Ringgit	3.4300-3.4800	2.4400-2.4600	Portugal	230-247
New Zealand Dlr.	2.5760-2.5850	1.8350-1.9415	Spain	223-234
Saudi Arab Riyal	5.1385-5.1395	3.6507-3.6510	Sweden	11.31-11.42
Singapore Dollar	3.0060-3.0580	2.1400-2.1600	Switzerland	3.05-3.08
Sth African Rand	3.5415-3.5585	2.5125-2.5265	United States	1.35-1.41
U.A.E. Dirham	5.1685-5.1795	3.6720-3.6730	Yugoslavia	475-535

* Selling rate.

Rand Financial rate: 2.7760-2.8570 ($) and 3.9155-4.0270 (£)

EXCHANGE CROSS RATES

Sept. 27	Pound St'ling	U.S. Dollar	Deutschemk.	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.407	3.768	307.5	11.51	3.085	4.248	2545.	1.923	76.60
U.S. Dollar	0.711	1.	2.675	218.5	8.180	2.153	3.020	1810.	1.357	54.45
Deutschemark	0.265	0.378	1.	81.55	3.054	0.819	1.127	675.5	0.510	20.33
Japanese Yen 1,000	3.255	4.578	12.26	1000.	37.45	10.04	13.82	8286.	6.255	249.3
French Franc 10	0.869	1.206	3.275	267.1	10.	2.681	3.606	2212	1.671	66.58
Swiss Franc	0.324	0.456	1.221	99.59	3.729	1.	1.377	826.0	0.623	24.83
Dutch Guilder	0.235	0.331	0.887	72.34	2.705	0.726	1.	599.2	0.453	18.03
Italian Lira 1,000	0.393	0.553	1.480	120.7	4.521	1.213	1.669	1000.	0.756	30.10
Canadian Dollar	0.520	0.731	1.959	159.8	5.985	1.604	2.209	1323.	1.	39.83
Belgian Franc 100	1.305	1.835	4.918	401.1	15.02	4.027	5.545	3328.	2.510	100.

MONEY MARKETS

Firmer trend

UK interest rates were a little firmer yesterday in reaction to sterling's weaker trend. Otherwise trading was rather quiet and uneventful. Weekend interbank money opened at 11⅞-12 per cent and eased to a low of 9 per cent despite the large shortage. Late balances commanded 12 per cent, however. Three-month money finished at 11⅞-11¾ per cent from 11⅜-11½ per cent while three-month eligible bank bills were bid at 11⅞ per cent compared with 11 per cent.

The Bank of England forecast a shortage of around £1,550m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,015m and Exchequer transactions a further £355m. There was also a rise in the note circulation of £255m. These were partly offset banks' balances brought forward £95m above target.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £23m and comprised purchases of £13m of eligible bank bills in band 2 (15-33 days) at 11⅞ per cent and £10m in band 3 (34-63 days) at 11¾ per cent. The forecast was later revised to a shortage of around £1,450m, before taking into account the early help and the Bank gave additional assistance in the morning of £913m.

This comprised outright purchases of £18m of eligible bank bills in band 1 (up to 14 days) at 11¾ per cent and £78m in band 2 at 11⅞ per cent. In band 3 it bought £44m of eligible bank bills at 11¾ per cent. It also arranged sale and repurchase agreements of £773m of bills at 11¾-11¾ per cent, unwinding in equal amounts on October 22 and 24. In the afternoon the Bank gave help of £507m, made up of purchases of £11m of eligible bank bills in band 1 at 11¾ per cent, £452m in band 2 at 11⅞ per cent and £44m in band 3 at 11¾ per cent. Total help was £1,443m.

UK clearing banks base lending rate 11½ per cent since July 30.

LONDON MONEY RATES

Sept. 27 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	9-10	11¾-11⅞	11-18¼	8-11¾	—	—	—	—	—
2 days notice	—	—	11¾-11⅞	—	—	—	—	—	—	—
7 days or	—	—	11¾-11⅞	—	—	—	—	—	—	—
7 days notice	—	11¾-12	—	11¾-12⅛	11⅝-11¾	—	—	—	—	—
One month	11⅞-11⅞	11⅝-12⅛	11⅝	11⅞	11¼	11⅛	11⅞	11⅛	11⅛	11⅛
Two months	11⅝-11½	11⅞-11⅞	11⅞-11⅞	11¾	11	11⅛	11	11¼	11⅞	11⅞
Three months	11⅝-11¼	11⅞-11⅝	11⅞	11⅝	10¾	11⅞	11	11⅞	11	11⅛
Six months	10⅞-10⅞	11⅛-11⅞	11⅞	—	—	—	—	10⅞	10⅞	11⅞
Nine months	10⅞-10¾	11⅛-11⅞	11⅞	—	—	—	—	—	—	—
One year	10⅞-10⅞	10½-11⅛	10⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅛-11⅞	—	11¾	7.85-7.95	7⅛-7¾	8⅞-8⅞
Two months	11⅞-11⅝	—	11⅝	7.95-7.05	7¾-7½	8⅞-8⅛
Three months	11⅝-11⅜	—	11⅞	7.55-8.05	7⅝-7⅞	8⅛-8⅝
Six months	11⅜-11⅛	—	11¼	8.0-8.1	7⅞-8⅛	9⅝-8⅛
Nine months	11¼-11	—	11⅛	9.25-8.35	—	—
One year	11-10⅞	—	11⅞	8.40-8.50	7⅞-8⅞	8⅞-9.0
Two years	—	10⅞	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	10⅞	—	—	—	—
Five years	—	10⅞	—	—	—	—

ECGD Fixed Finance IV: Average rate of interest period August 7 to September 3 (inclusive): 11.574 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12 per cent from September 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 11.0063 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11⅞ per cent, one-three months 11¾ per cent, three-six months 11⅞ per cent; six-nine months 11 per cent; nine-12 months 11 per cent. Under £100,000 10½ per cent from September 24. Deposits held under Series 5 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 27)

Three months U.S. dollars	
bid 8	offer 8 1/8

Six months U.S. dollars	
bid 8 1/8	offer 8 1/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	11⅞-12⅛	7¾-7⅞	7-7½	5⅞-5⅞	7⅛-7⅞	4¾-5	9¼-9⅞	6-9	8⅝-8⅞	9⅛-8¾	6¾-6⅞	8¾-9¼
7 days' notice	11⅞-12⅛	7⅞-7⅞	7¾-8	5⅞-5⅞	2½-2¾	4⅛-4⅜	8½-9¾	18⅛-14⅛	8½-0	8¾-9	6⅝-6⅞	9-9¼
Month	11⅞-11⅞	7⅞-8	8¼-8½	5⅞-5⅞	4¾-4⅞	4⅜-4⅝	9¼-10	13⅛-13¾	8¾-0	8⅞-0	6⅝-6⅞	9¼-9½
Three months	11⅝-11⅞	8⅛-8¼	8½-8¾	5⅞-6	4¾-4⅞	4½-4⅝	9⅝-10	13-15⅛	8¾-9	8⅞-9⅛	6½-6⅝	9⅝-9⅞
Six months	11⅞-11⅞	8¼-8⅜	9-9¼	6-6⅛	4¾-4⅞	4½-4⅝	10¾-11⅛	13-13⅜	8⅞-9⅛	9-9¼	6⅜-6⅝	9-9⅛
One year	10⅞-11⅛	8⅝-8¾	9¼-9½	6⅛-6¼	5⅛-5¼	4⅝-4¾	11⅛-11⅜	15⅛-16	8⅞-9⅛	9⅛-9⅜	6⅛-6⅜	9-9¼

Asian $ (closing rates in Singapore): Short-term 8⅛-8¼ per cent; seven days 7⅞-8 per cent one month 7⅞-8 per cent; three months 8⅛-8¼ per cent; six months 8⅛-8¼ per cent; one year 8⅞-8⅞ per cent. Long-term Eurodollars: two years 9⅛-9⅛ per cent; three years 9¾-10 per cent; four years 10⅛-10⅜ per cent; five years 10⅜-10½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Markets c.i.f.	$1000/20	+10	$1080/1110	$1180/1210	$990/1010
Antimony					
Free Market 99.6%	$2770/2850	−10	$3550/3600	$3875/3150	$2650/2650
Copper-Cash High Grade	£965	−15	£1054.25	£1081.75	£968.25
3 months	£987.75	−13.5	£1059.25	£1052.25	£985.25
Gold per oz	$328.75	+0.25	$343.75	$339.75	$284.7
Lead Cash	£276	−11.75	£355	£339.25	£267.5
3 months	£285.5	−10.75	£336.62	£355.5	£285.25
Nickel market c.i.f. lb					
Free	195/215c		216/232c	255/282c	195/216c
Palladium oz	$100.25	+2.50	$139.00	$129.85	$93.50
Platinum per oz	$318.95	+10.00	$334.25	$318.95	$234.25
Quicksilver (76 lbs)	$280/290		$302/310	$300/310	$280/290
Silver per oz	430.75p	−15.45	596.00p	576.90p	431.75p
3 months per oz	442.35p	−13.75	610.55p	594.90p	443.05p
Tin cash	£8,627.5	−510	£9510	£10,325	£8627.5
3 months	£8,575	−470	£9465.5	£10,322.5	£8573
Tungsten Ind.	$70.58		$85.57	$84.58	$67.58
Wolfram (22.04 lb)	$64/65	−1.5	$84/87	$78/78	$58/60
Zinc cash	£465.5	−38	£606	£637.5	£465.5
3 months	£475.5	−25.5	£610.75	£665	£465.5
Producers	$850	+25	$940	$860	$760/830
GRAINS					
Barley Futures	£109.50		£109.60	£117.40	£95.00
Maize French	£161.00	+1.50		£152.90	£129.50
WHEAT Futures	£109.50		£109.20	£124.95	£95.80
SPICES					
Cloves	$5,400	+100	$4,000	$4,000	$3,500
Pepper white	$4,500	+100	$5,800	$4,675	$3,500
black	$3,600	+100	$2,188	$5,550	$2,200
OILS					
Coconut (Philippines)	$446z	+5	$1,325	$950	$415
Palm Malaysian	$306	−7.5		$700	$340
SEEDS					
Copra (Philippines)	$500z	+5	$670	$576	$280
Soyabeans (U.S.)	$817	+2	$249.5	$255.4	$207.5
OTHER COMMODITIES					
Cocoa Futures Dec.	£1782.5	−80	£1877.5	£2,266.5	£1,557
Coffee Futures Nov.	£1677	+5	£2381.5	£2,457	£1487.5
Cotton-index	†	—	73.25c	71.95c	51.65c
Des. Coconut	£650	—	£1320	£1,250	£650
Gas Oil Fut. Nov.	$258.50	+14.50	$244.75	$258.50	$508.75
Jute LJA BWC grade	$360	—	†	$945	$365
Rubber kilo	58.00p	−2.75	60p	70p	57.50p
Sisal No. 3	$600	—	$670	$670	$515
Sugar (Raw)	$129.50v	−5.00	$115	$142.5	$82
Tea (quality) kilo	†	—	350p	345p	185p
(low med) kilo	108p	—	270p	255p	102p
Wooltops 64s Super	428p kilo	−8	470p kilo	525p kilo	422p ko

† Unquoted. (g) Madagascar. (x) November. (w) October. (v) September-October. (z) October-November.

OIL

Trade started firm but died away as New York closed down for Hurricane Gloria. In the petroleum products market gasoline strengthened on demand into Germany and the UK. Naphtha firmed due to higher gasoil, crude and gasoline and despite good prompt availability. Gasoil maintained its upward movement until mid-afternoon when the Nymex closure and softening IPE caused bids to withdraw. Demand remained strong and supply tight, Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	27.85-27.95	—
Arab Heavy	26.70-26.80	—
Dubai	27.00-27.10	+0.075
Brent Blend	28.25-28.35*	+0.175
W.T.I. (1pm est)	28.85-28.95	+0.175
Forcados (Nigeria)	28.80-28.90*	+0.32
Urals (cif NWE)	27.50-27.60*	+0.50
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	282-284	+11
Gas Oil	254-256	+5
Heavy fuel oil	152-154	+5
Naphtha	251-253	+5

* October.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Oct	258.25	+4.25	264.00-251.00
Nov	258.50	+4.25	258.75-248.50
Dec	254.75	+3.25	258.25-245.25
Jan	251.50	+2.50	256.75-243.25
Feb	247.25	+1.00	250.00-242.00
March	240.00	−1.00	243.50-240.00

Turnover: 3,368 (2,762) lots of 100 tonnes.

GOLD

Gold fell $⅞ an ounce from Thursday's close in the London bullion market yesterday to finish at $328½-329. The metal opened at $327-327½ and traded between a high of $329¼-329¾ and a low of $327-327½. Trading was very quiet ahead of the weekend with volume also inhibited by closure of many U.S. markets due to an approaching hurricane.

GOLD BULLION (fine ounce) Sept 27

Close	$328½-329	(£233¼-233¾)
Opening	$327-327½	(£230¾-251¼)
M'n'g fix	$328.85	(£231.900)
Aft'n'n fix	$328.60	(£233.050)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$335-335¾	(£236½-237)
½ Krug.	$174¼-178	(£123½-104¼)
¼ Krug.	$89-89¾	(£65¼-63¾)
1/10 Krug.	$36¾-37	(£25-26¼)
Mapleleaf	$339-339¾	(£240¾-241½)
New Sov.	$78¼-79	(£55½-56¼)
½ New Sov	$47-47¾	(£33½-34)
Old Sov.	$82½-83½	(£58-59¼)
$20 Eagle	$480-500	(£306¾-355¼)
Noble Plat	$321-324¾	(£228¼-231)

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets: GB Cattle 92.94p per kg lw (−0.52): GB Sheep 140.01p per kg est dcw (−5.60): GB Pigs 80.67p per kg lw (+0.16).

Yesterday's close / Previous close / Business done — p. per kilo (deadweight)

Month	Yesterday's close	Previous close	Business done
Oct	115.60	112.70	118.5-112.7
Nov	115.90	114.70	116.0-115.2
Feb	102.30	102.60	102.6-102.3
April	100.40	103.10	103.5-102.5
June	101.00	101.10	101.5-101.0
Aug	100.60	100.60	—

Sales: 85 (91) lots of 3,250 kg.

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
Nov	55.60	53.00	55.60-53.60
Feb	65.80	64.50	—
Apr	81.30	79.80	81.50-79.80
May	87.50	87.00	87.50-87.00

Sales: 388 (283) lots of 40 tonnes.

REVIEW OF THE WEEK

Dollar movements dominate markets

BY RICHARD MOONEY

CURRENCY MOVEMENTS once again overwhelmed all other factors on London's commodity markets this week. The dollar's heavy fall following last weekend's Group of Five meeting led to sharp declines in all sterling denominated prices, though most recovered quite sharply yesterday as the dollar rallied.

The biggest fall was in tin, which was hit by late selling yesterday and saw the morning rally wiped out. Cash standard metal closed at an 18-month low of £8,627.5 a tonne, down £15 on the day and £510 on the week.

Dealers said hedge selling gathered momentum in the late afternoon and buyers tended to back off while awaiting the outcome of this week's International Tin Council meeting in London.

This outcome turned out to be not very startling, however. The possibility of consuming country members agreeing to join with the producers in contributing extra funds to boost buffer stock financing had already been written off and the producers themselves said only that they would be announcing how much extra finance they would be providing "shortly."

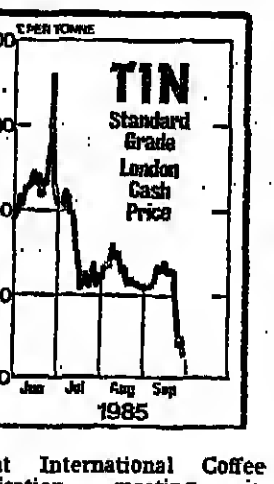
A special working group was set up at the Council session to study ways of improving tin market support activities, but it could be some time before this results in any positive recommendations. In its end-of-session communique the ITC said the next meeting of the working group would be on October 9.

The biggest proportionate fall among the base metals was in zinc. Despite recovering £12 yesterday the cash high grade quotation on the London Metal Exchange ended £32 lower on the week at £465.50 a tonne. Apart from the currency factor zinc values were hit by news of a 3 cents a lb price cut by U.S. producers.

Cocoa values moved lower with the dollar for most of the week but the fall was restrained somewhat by continuing firm background sentiment, reflecting concern about West African crops and possible shipment problems. A further minor influence was a forecast from Holco, an E.D. & F. Man subsidiary that demand would exceed supply this season by some 13,000 tonnes.

Coffee futures prices had participated fully in the currency-inspired sell-off but they recovered dramatically yesterday, helped by chart-based speculative buying. The November position's £80 rise erased the preceding fall to leave the price £3 up on the week at 1,677 a tonne.

Dealers were quick to play down the significance of the coffee market rally, however. They said it was exaggerated because of extremely thin trading volume and added that there was no fundamental news to support it, either from physical developments or from the current International Coffee Organisation meeting in London.



The meeting's chief task is to set a global coffee quota for the 1985-86 season, which begins next Tuesday. But it was not until Thursday, after eight days of talks, that this question began seriously to be discussed.

Producers initially proposed a quota of 55m bags (60 kilos each) down from last year's 60m. The consumers have not yet committed themselves to a figure.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	692-.5	+6.55	—
3 months	714-.5	+5.5	717/707

Official closing (am): Cash 692-3 (683-.5), three months 714-5 (705-.5), settlement 693 (683.5). Final Kerb close: 717-8. Turnover: 25,300 tonnes.

COPPER

Higher grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	961.5-2.5	+11.0	963.5/955
3 months	987.5-8	+11.0	991/977

Official closing (am): Cash 962.5-3 (951-2), three months 987.5 (976-.5), settlement 963 (952). Final Kerb close: 990.5-1.

Cathodes			
Cash	949-51	+12.5	947/950
3 months	971-3	+10.0	—

Official closing (am): Cash 947-8 (938-42), three months 973.5-974 (962-3), settlement 948 (942). Turnover: 22,450 tonnes. U.S. Producer prices 64.50-68.00 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	277-8	+5.5	278/276
3 months	286-.7	+10.25	288/286

Official closing (am): Cash 276-.5 (282-.5), three months 285.25-5 (290-.5), settlement 276.50 (282.5). Final Kerb close: 286-.5. Turnover: 5,175 tonnes. U.S. Spot: 19.00-20.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	3080-90	+50	—
3 months	3100-80	+58.5	3150/3095

Official closing (am): Cash 3080-90 (3045-50), three months 3080-90 (3090-5), settlement 3090 (3050). Final Kerb close: 3140-50. Turnover: 942 tonnes.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low for day
Cash	8625-30	−15.0	8680/8625
3 months	8575-80	−14.5	8680/8575

Official closing (am): Cash 8730-5 (8560-70), three months 8670-5 (8610-5), settlement 8735 (8670).

Standard			
Cash	8625-30	−15.0	8750/8715
3 months	8570-80	−17.0	8690/8570

Official closing (am): Cash 8730-8735 (8660-70), three months 8670-5 (8610-5), settlement 8735 (8670). Final Kerb close: 8590-600. Turnover: 1,515 tonnes. Straits tin M$30.25 (30.45) kilo.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	465-6	+12	—
3 months	476-8	+18.0	480/470

Official closing (am): Cash 463-463 (455-7), three months 474-.5 (466-6), settlement 464 (457). Final Kerb close: 477-8. Turnover: 8,650 tonnes. U.S. Prime Western: 38.00-39.75 cents per pound.

SILVER

Silver was fixed 8.4p an ounce higher for spot delivery in the London bullion market yesterday at 430.7p. U.S. cent equivalents of the fixing levels were: spot 606.2c, down 2.5c; three-month 617.9c, down 8.4c; six-month 630.1c, down 8.0c; and 12-month 657.1c, down 10.0c. The metal opened at 425-429p (603-606c) and closed at 430-432p (607-610c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	430.70p	+8.40	431.50c	+8.50
3 months	442.35p	+8.45	443.75p	+8.25
6 months	454.85p	+8.45	—	—
12 months	476.50p	+8.3	—	—

LME—Turnover: 24 (37) lots of 10,000 oz. Large: cash high/low 431, three months high 444, low 442.7.

GRAINS

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yesterd'ys close	+ or −
Nov	108.30	+0.10	108.95	+0.15
Jan	109.50	+0.15	110.60	+0.15
Mar	113.25	+0.05	113.15	+0.10
May	115.75	+0.10	115.05	+0.15
July	118.55	+0.10	—	—

Business done—Wheat: Nov 108.30-8.30, Jan 109.25-9.60, Mar 112.25-1.15, May 115.25-4.90, July 118.10-7.95. Sales: 231 lots of 100 tonnes. Barley: Nov 108.50-8.05, Jan 109.40-9.15, Mar 112.20-2.15. Sales: 216 lots of 100 tonnes.

LONDON GRAINS — Wheat: U.S. Dark northern spring No 1, 15 per cent, Oct 128.80, Nov 129.90, Dec 130.90, transhipment East Coast. U.S. No 2, Soft red winter, Oct 106.75, Nov 109, Dec 110.25. EC French, Oct 118.25. English Feed fob, Jan/Mar 113.90, East Coast Oct 108-109, buyer/seller, Nov 109.50, sellers, April/June 119, Jan/June 115.50, sellers. Maize: U.S. No 3, Yellow/French, transhipment East Coast, Oct 131. Barley: English Feed fob, Sept 105, 1/15 Oct 106; sellers, Oct 108.50, sellers, Dec 110.75-111.00, Jan/Mar 114.25-114.50, buyer/seller. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed Wheat: Eastern 102.10, E. Mids 100.10, N. East 99.00. Feed Barley: Eastern 100.50, E. Mids 99.60, N. East 99.20, Scotland 99.00. The UK monetary coefficient for the week beginning Monday September 30 (based on HGCA calculations using three-day exchange rates) is expected to change to 0.990.

FREIGHT FUTURES

The Baltic Freight Index was 883.0 on 16.5.

	Close	High/Low	Prev.
Oct	945/948	956/945	967/955
Jan	985/990	990/988	978/975
April	990/1000	995/988	1018/1005
July	885/887	900/886	905/900
Oct	975/1010	1000/995	1020/980
Jan	850/985	—	1024/950
April	1030/1050	—	1030/1040
BFI	863/875	—	1000/950

Turnover: 407 (564).

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Sept	1710-1740	+5.00	1745-1750
Dec	1772-1773	+10.0	1775-1767
March	1804-1805	+20.0	1811-1796
May	1825-1826	+25.0	1832-1823
July	1835-1855	+23.5	1848-1829
Sept	1855-1856	+28.0	1862-1855
Dec	1895-1897	+21.0	1923-1911

Sales: 3,085 (4,009) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for Sept 27: 110.21 (110.51). Ten-day average for Sept 28: 110.83 (110.53).

RUBBER

PHYSICALS — The London market opened unchanged, moved erratically with steadier tone throughout the day and closed uncertain, reports Lewis and Peat. Closing prices (buyers) spot 58.00p (57.50p). November 56.50p (57.50p). December 56.50p (55.75p). The Kuala Lumpur fob price (Malaysian/Singapore cents) per kg: RSS No1 was 178.5 (same); and for SMR 20 156.0 (156.5).

INDICES

FINANCIAL TIMES

Sep. 26	Sep. 25	M'th ago	Year ago
248.54	251.46	249.48	288.82

(Base: July 1 1952 = 100)

REUTERS

Sep. 26	Sep. 25	M'th ago	Year ago
1697.5	1701.4	1675.5	1870.2

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Sept. 25	Sept. 24	Month ago	Year ago
Spot	118.11	111.49	—	124.48
Fut.	114.39	114.03	—	124.90

(Base: December 31 1931 = 100)

COFFEE

COFFEE	Yesterday's Close	+ or −	Business Done
Sept	1650-35	+55.0	1636-05
Nov	1675-78	+80.0	1678-15
Jan	1715-18	+78.0	1718-62
March	1745-48	+70.0	1756-80
May	1765-68	+72.5	1767-05
July	1780-10	+72.5	1786-48
Sept	1770-90	+80.0	1770-40

Sales: 2,147 (712) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for Sept 26: Comp. daily 1979 120.90 (118.74); 15-day average 118.65 (118.47).

SUGAR

LONDON DAILY PRICE—Raw sugar $129.50 ($131.50) down $2.00 (down £3.00) a tonne for September-October delivery. Whites sugar $172.50, down $7.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct	151.4-152.0	155.8-155.0	152.5-152.0
Dec	157.6-158.2	159.8-158.4	159.0-156.0
March	146.6-147.0	144.4-144.8	149.0-146.0
May	150.4-155.0	153.4-155.0	154.0-150.4
Aug	156.8-157.0	157.4-158.0	158.0-154.4
Oct	162.6-163.0	162.8-163.0	163.8-161.6
Dec	165.2-166.0	166.0-166.8	166.0-165.2

Sales: 1,426 (2,700) lots of 50 tonnes. Tate & Lyle delivery price for granulated basis sugar was £193.00 (£200.00) a tonne for export. International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for Sept 26: Daily price 4.96 (5.26); 15-day average 5.18 (5.17).

OARLE—Dec 1425/1428; Mar 1431/1433; May 1480/1470; Aug 1508/1513; Oct 1530/1550; Dec 1570/1595.

AMERICAN MARKETS

THE threat of a hurricane to New York City led to the closing of the soft commodity market for the day while the metals and energy complex had shortened sessions, reports Heinold Commodities. Precious metals closed slightly higher on pre-weekend evening up. Copper and aluminium were under light pressure on bearish technical considerations and reports of a disappointing offtake. The energy complex traded slightly higher on reports Iran had asked its customers to delay purchases due to damage at Kharg Island. In Chicago maize and soyabeans drifted lower on the lack of commercial interest and favourable harvest weather. Wheat moved generally higher on commercial interest.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
Sept	46.80	—	—	47.10
Oct	42.85	—	—	43.15
Nov	43.25	—	—	43.15
Dec	43.60	43.70	43.05	43.90
Jan	43.95	—	—	44.25
March	44.70	44.60	44.20	45.00
May	45.40	—	—	45.75
July	46.10	—	—	46.40
Sept	—	—	—	—
Jan	48.20	—	—	48.50

COPPER 25,000 lb. cents/lb

	Close	High	Low	Prev
Sept	61.55	—	—	61.75
Oct	58.75	58.50	58.50	58.95
Nov	59.15	—	—	59.00
Dec	59.55	59.50	59.15	59.70
Jan	59.75	—	—	59.95
March	60.25	60.50	—	60.45
May	60.70	60.85	60.50	60.90
July	61.15	61.05	61.05	61.33
Sept	—	—	—	—
Dec	62.15	62.40	62.40	62.35

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Close	High	Low	Prev
Nov	29.03	29.16	28.90	28.90
Dec	28.44	28.65	28.40	28.38
Jan	27.93	28.08	27.90	27.84
Feb	27.53	27.67	27.50	27.42
March	27.14	27.26	27.15	27.02
April	26.81	26.86	26.83	26.68
May	26.48	26.56	26.40	26.35
June	26.19	—	—	26.05
July	26.05	26.05	26.00	25.75

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	328.4	328.0	327.8	327.9
Oct	329.2	—	—	328.8
Nov	330.4	—	—	330.4
Dec	332.9	333.5	332.0	332.6
Feb	337.3	337.8	337.0	336.8
April	341.6	341.8	341.0	340.7
June	346.3	346.3	345.3	345.1
August	351.2	—	—	350.1
Oct	356.3	356.2	356.2	355.1
Dec	361.3	—	—	360.0
Feb	366.5	—	—	365.2
April	372.0	—	—	370.5
June	377.7	—	—	376.1

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Oct	82.60	83.70	82.80	82.43
Nov	82.94	83.60	82.90	82.67
Dec	83.06	83.90	83.00	82.98
Jan	82.77	83.50	82.50	82.69
Feb	81.85	82.35	81.75	81.52
March	78.25	78.50	77.90	77.56
April	75.40	75.50	75.30	74.90
May	73.50	73.90	73.70	72.90

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	308.8	313.0	308.0	311.3
Nov	—	—	—	—
Dec	—	—	—	—
Jan	313.4	316.5	312.5	315.5
April	316.9	320.5	317.0	319.5
July	321.9	—	—	324.5
Oct	327.4	331.0	328.5	330.0

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Sept	607.5	609.0	607.0	605.5
Oct	608.5	608.5	608.5	606.3
Nov	612.4	—	—	609.4
Dec	617.0	618.0	614.0	615.0
Jan	621.2	621.0	621.0	619.2
March	629.6	630.0	626.0	627.6
May	638.2	637.0	637.0	636.2
July	647.7	647.0	646.5	645.7
Sept	—	—	—	—
Dec	672.5	672.0	669.0	670.5

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	58.00	58.10	57.05	57.47
Dec	60.67	60.85	59.70	60.27
Feb	59.37	59.60	58.75	59.02
April	60.20	60.25	59.25	59.62
June	61.07	61.15	60.20	60.40
August	59.22	59.40	58.40	58.80
Oct	58.60	58.50	58.20	58.62

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	40.67	40.75	39.95	40.75
Dec	42.17	42.35	41.80	42.00
Feb	42.42	42.50	41.90	42.40
April	38.50	38.65	38.35	38.32
June	42.55	42.60	42.05	42.60
July	43.25	43.45	43.00	43.50
August	42.40	42.60	42.10	42.55
Oct	39.80	39.90	39.50	39.90
Dec	40.50	40.50	40.50	40.20

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Dec	222.4	223.6	222.0	223.4
March	232.2	233.4	232.4	233.6
May	236.2	239.2	237.4	239.4
July	240.2	241.2	239.6	241.4
Sept	232.0	233.0	231.6	234.0
Dec	229.0	230.4	228.4	230.6
March	236.4	—	—	240.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	61.45	61.70	61.10	62.12
March	61.40	61.60	61.10	62.22
May	62.87	62.95	62.45	63.47
July	63.75	63.90	63.40	64.40
August	61.75	61.75	61.50	62.02

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Nov	513.6	516.2	513.4	518.4
Jan	526.0	528.4	525.4	530.4
March	538.0	541.0	538.4	541.4
May	550.1	551.0	538.4	549.4
July	556.4	559.0	556.0	559.0
August	556.0	558.0	556.0	559.0
Sept	547.4	—	—	549.0
Nov	547.0	548.4	546.4	548.0
Jan	556.0	558.0	—	560.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	130.9	131.9	130.8	132.2
Dec	136.7	136.7	135.5	135.8
Jan	137.4	138.5	137.1	138.5
March	139.8	141.0	139.9	141.0
May	142.3	143.0	142.0	143.5
July	144.8	145.8	144.5	145.8
August	145.0	146.5	145.0	147.0
Sept	144.7	—	—	145.5
Oct	145.0	145.0	145.0	147.5

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	21.03	21.10	20.98	21.02
Dec	21.10	21.22	20.97	21.14
Jan	21.26	21.34	21.13	21.28
March	21.64	21.65	21.48	21.65
May	22.00	22.00	21.70	22.00
July	22.25	22.30	22.05	22.20
Aug	22.35	22.30	22.20	22.35
Sept	22.40	22.40	22.40	22.50
Oct	22.05	—	—	22.10

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Dec	300.4	301.4	295.0	297.6
March	307.6	308.0	302.4	305.4
May	302.6	303.0	296.6	299.0
July	289.0	289.0	282.6	284.0
Sept	291.0	—	—	286.4

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. New York tin 571.0-577.0 (575.0-580.0) cents per pound. Handy and Harman silver bullion 609.5 (same) cents per troy ounce.

Rabbit breeding study planned

A BUSINESS co-operative breeding rabbits is being set up by a group of unemployed men in Birmingham.

Birmingham city councillors have agreed to provide £1,000 from a special fund for a feasibility study into marketing rabbit meat, particularly for export to France.

SOYABEAN MEAL

	Yesterday's close	+ or −	Business Done
	£ per tonne		
October	115.4-124.5	+0.90	—
Dec.	124.5-125.0	+0.65	124.5-124.6
Feb.	127.3-127.7	+1.15	127.5-127.0
Apr.	127.8-127.0	+0.65	127.5-127.5
June	127.5-128.5	+1.00	127.8-127.5
August	127.6-128.8	+0.75	—
October	128.0-131.0	+0.50	—

Sales: 811 (527) lots of 20 tonnes.

LONDON STOCK EXCHANGE

MARKET REPORT

International stocks spearhead good rally in equities

Index up 10.5 but lower on week

Account Dealing Dates: *First Dealings	Option Declarations	Last Dealings	Account Day
Sept 16	Sept 26	Sept 27	Oct 7
Sept 30	Oct 10	Oct 11	Oct 21
Sept 2	Sept 12	Sept 13	Sept 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

Currency fluctuations continued to determine the trend in London stock markets as the Account drew to a close yesterday. After falling for five consecutive trading sessions, leading equities rallied as the dollar's smart recovery against sterling gave the recently beleaguered major exporting groups a much-needed fillip. Government securities, meanwhile, drifted lower on profit-taking.

The pound's reaction on foreign exchange markets — it dropped to \$1.3980 at one stage compared with the \$1.4450 level attained earlier in the week after the Group Five agreement — encouraged dealers to mark blue chip industrials higher at the outset. Thereafter, buyers, who have been particularly reluctant to commit funds of late until a clearer picture on currency trends emerged, decided at last to trade and pushed quotations higher.

Demand continued throughout the day helped by a scattered buying interest after 3.30 pm when dealings are permitted without penalty for the new Account starting on Monday; closing levels were the best of the day. Down nearly 29 points over the previous five days, the FT Ordinary share index closed 10.5 higher at 989.6, but still sustained a fall of 12.6 on the week and one of 22.3 on the Account.

International stocks like ICI, Glaxo and Bats took heart from the easier sterling exchange rate and led the equity recovery, while the Oil majors posted strong improvements on growing concern over the possible consequences of the latest heavy bombing attacks by Iraq on the Iranian oil terminal at Kharg Island. Fears that Iran may impose a blockade of the Straits of Hormuz led to further gains in international spot oil prices and substantial American buying of the oil leaders on Wall Street overnight followed through into London. Shell advanced 17 to 677p and BP added 13 to 540p.

By way of contrast, recently firm Government securities gave modest ground as the pound's weakness dampened hopes of an early reduction in interest rates and induced end-Account profit-taking. Around ⅜ easier initially, a mid-morning rally of ¼ or so in the longs coincided with vague rumours that sterling is to join the EMS exchange rate mechanism at the next realignment, but after a non-eventful afternoon period, closing losses ranged to about ½. Short-dated stocks traded around their overnight levels for the most part and ended with little alteration.

Composites lower

Reflecting fears that hurricane "Gloria" could inflict serious damage on New York City, Composite Insurances retreated sharply. Closing levels were a few pence above the day's lowest, but General Accident still sustained a fall of 13 at 595p and Royals cheapened 8 afresh to 642p, after 638p. GRE dipped 7 to 660p and Sun Alliance relinquished 5 at 445p. Commercial Union recovered from 218p to finish only a penny cheaper on balance at 223p. Elsewhere, Stewart Wrightson dropped 20 to 665p on profit-taking in the absence of the widely-rumoured bid from Exco.

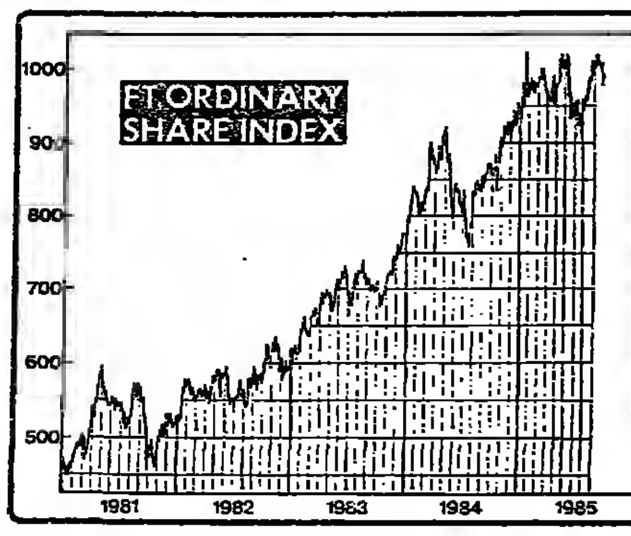
Lloyds, 3 dearer at 400p, led the major clearers higher. NatWest put on 5 to 618p. Irish issues made progress with Allied Irish 6 up at 138p and Bank of Ireland 10 better at 330p. Among merchant banks, Schroders advanced 30 to 950p in a thin market.

Among recently-issued equities, Infrared came under selling pressure and dipped to 73p prior to closing a net 12 down at 78p. Just Rubber, which made a quiet USM debut on Thursday, drifted back to 56p before settling 7 lower on balance at 57p which compares with a placing price of 62p.

Another active two-way business developed in Allied-Lyons which finished 4 up for a five-day advance of 25 at 295 as Elders IXL stated its intention to launch its consortium bid towards the end of next month. Elders, which also revealed impressive full-year figures and a 1-for-4 scrip issue, rose 16 to 186p. Imperial Group, courted by Elders as a possible member of the consortium, improved 5 more to 198p. Other leading Breweries made limited progress with Bass 6 dearer at 580p and Scottish and Newcastle a couple of pence higher at 170p. Regionals, on the other hand, gave ground for want of attention. Vaux, 347p, and Wolverhampton and Dudley, 354p, fell 3 and 4 respectively. Distillers responded to a flurry of support after-hours and closed 8 to the good at 395p amid persistent speculation of U.S. drinks giant Seagram joining Argyll Group in a bidding consortium.

Leading Buildings ended the Account on a subdued note and displayed few significant movements. Redland, however, continued to reflect the chairman's cautious statement and shed 6 for a two-day fall 12 to 293p. Rugby Portland Cement hardened a penny to 124p awaiting Monday's interim results. Elsewhere, Newarthill rose 10 to 765p in a restricted market in belated response to the first-half figures, while Countryside attracted fresh support and gained 6 more to 292p. John Laing hardened a few pence to 275p, but McLaughlin and Harvey, a good market on Thursday in the wake of the interim figures, came back 4 to 112p. Timber issues attracted late buying interest. Magnet and Southerns adding 4 to 126p and Meyer International a couple of pence to 138p. Trent Holdings firmed 4 to 97p, but Phoenix Timber were unchanged at 90p awaiting news from the annual meeting.

ICI opened a shade above its 1985 low of 630p and moved ahead smartly on currency influences to close 17 higher at the day's best of 649p. Laporte improved 5 to 320p, while Stewart Plastics put on 7 to 110p following speculative interest. On the other hand, Farsceo Minsep shed 4 to 190p on disappointment with the interim results, while Amersham International fell 20 to 295p as two leading brokers downgraded their profits estimates.



Owen Owen up again

Stores a relative backwater throughout the week, encountered useful support and finished at the day's best levels. Gussies A spurted 14 to 804p, while Burton added 7 at 527p. Elsewhere, Owen Owen continued to attract a fair measure of speculative attention and advanced 20 for a gain on the week of 35 at 460p as vague talk of a bid form Burton persisted. Grattan, which revealed near-double interim profits on Thursday, reacted to sporadic end-Account profit-taking to close 8 lower at 308p.

High-technology issues continued to provide a number of noteworthy features. Wordplex Information Systems advanced 13 to 118p reflecting satisfaction with the interim results, while Lorlin firmed 7 to 139p for a similar reason. In contrast, Checkpoint Europe dipped 10 to 80p following the first-half profits setback. Micro Business, which slumped sharply on Thursday in reaction to halved interim profits, rallied to 64p initially, but settled only 4 up on balance at 54p. Amstrad, annual results expected next Wednesday, met nervous offerings and eased 6 to 114p, while Logica, preliminary figures due on Tuesday, fell 4 for a loss of 28 on the week at 142p. Occasional interest was shown for Arlen, 8 up at 76p, and for AB Electronics, 8 dearer at 263p; the latter helped by a strong "buy" recommendation from brokers Phillips and Drew.

Vickers performed impressively and raced ahead to close 17 higher at 291p in the wake of favourable Press comment on the sharply higher interim profits and 25 per cent increase in the dividend. Other firm features in Engineerings included Spear and Jackson which improved a further 6 to 168p, after 170p, for a week's gain of 26, still reflecting the much-better-than-expected half-year figure announced on Tuesday. Bid speculation lifted TI 6 to 390p, while takeover rumours again encouraged good support for Birmid Qualcast which edged up 3 to 87½p, after 88p. Press comment helped ML Holdings add 7 at 332p, while Adwest retained a week's rise of 10 at 188p ahead of the full-year results scheduled for Monday.

Buyers reappeared for selected Food issues, but gains were unusually modest. Cadbury Schweppes, a dull market recently on currency influences, hardened a couple of pence to 133p, while Rowntree Mackintosh improved 3 to 360p. Recently-neglected Tate and Lyle revived with a gain of 7 to 465p. Retailers featured Bejam, up 3 at 185, on renewed speculative buying. Wald, a dull market recently on the profits warning, rallied 5 to 70p, while Somportex, persistently bought of late on asset-injection hopes, touched 130p prior to closing a penny dearer on the day and 36 higher on the week at 125p.

Among Hotels, Press comment stimulated Ladbroke which rose 8 to 283p. Grand Metropolitan firmed 2 to 325p, as did

Internationals rally

International stocks in the miscellaneous industrial sector were given a much-needed boost by the dollar's surge against sterling and quotations were still improving after-hours. BTR finished 5 better at 350p and Glaxo hardened ½ to £12¼, while Pilkington, a particularly dull market on Thursday following a profits downgrading, rallied 7 to 255p. Hanson Trust hardened a penny to 195p following details of the rationalisation programme at its London Brick subsidiary. British Aerospace, a buoyant market recently on the Saudi Arabian military aircraft contract worth some £4bn, touched 430p before profit-taking left the close unchanged on the day, but 17 higher on the week at 422p. Elsewhere, buying in a market short of stock lifted Associated British Ports 16 to 346p, while Granada firmed 6 to 184p on news that it had sold its Belgian insurance companies to NV AMEV for £1.6m. Associated Heat moved up 24 more to 402p in a restricted market, while WSL gained 6 to 74p on expansion hopes. Courtney Pope firmed to 385p following the annual results, but Sunlight Services shed 5 to 188p on disappointment with the interim figures. Two USM-quoted stocks fell heavily following profits warnings; Associated Energy Services fell 14 to 38p and Securiguard slumped 45 to 100p, after 95p.

Insight featured Leisure issues with a rise of 16 to 154p following the agreed minority bid worth 156p per share from Hawley Group, 3 dearer at 81p.

Fleet Holdings dipped 5 to 353p following the disclosure that the company's merchant bankers Kleinwort Benson purchased over 2m shares in current adversary United Newspapers, the latter also shed 5 to 300p. Recently beleaguered P.R. concern Good Relations rallied 15 to 150p.

The Property leaders continued to edge forward. Land Securities hardening a penny more to 301p and MEPC adding a couple of pence to 302p. Hammerson A rose 5 to 440p, while Slough Estates improved a penny to 154p on news of the sale of its completed development scheme in Duke Street, Henley, to Sun Life Canada for £1.5m. Property and Reversionary attracted buyers at 196p, up 4, while Marler Estates gained 18 to 160p, after 166p, on "new time" buying ahead of next Friday's interim results.

The surprise resignation of chief executive John Gunn prompted a volatile business in Exco International; down to 180p in immediate reaction to the news, the shares rallied to 194p before closing at 188p—a net decline of 9. Mercantile House, 270p, and Mills and Allen, 345p, gave up 7 and 10 respectively in sympathy. Elsewhere in Financials, Centreway Trust slumped 4 to 15p following the dismal first-half statement.

Oils advance

Apart from the "big two" oil stocks, LASMO featured with a 7 gain at 270p, while Britoil added 4 at 206p. Takeover rumours encouraged support for Tricentrol which advanced 8 to 190p and Burmah, 11 up at 295p. Enterprise Oil and Ultramar hardened a few pence apiece at 176p and 205p respectively.

Secondary oils showed Sun (UK) Royalty up 15 at 170p, after 175p on exploration hopes but Clyde Petroleum drifted back 2 to 68p following the interim figures.

Currently unfashionable American exploration stocks continued to retreat. Great Western Resources slipped back 5 more to a year's low of 100p while New London Oil dropped 13 to 50p.

Overseas Traders lacked a decided trend. Polly Peck attracted fresh support and with the additional aid of "call" option business advanced 8 to 233p. Boustead revived with a gain of 3 to 69p, while Lonrho hardened a few pence to 151p. Inchcape, however, gave up 5 to 338p; the interim results are due on Monday.

Quiet Golds

The marked weakness of sterling against the dollar kept South African Golds on an even keel in sterling terms, but dollar quotations continued to reflect a general lack of interest in the sector and tended to lose ground. Bullion moved in a narrow range and gradually eased back to close a net 30.5 easier at \$323.75 an ounce and added to the general disaffection in the mining sector.

Mirroring the overall quietness in Golds, the Gold Mines index was a shade firmer at 301.6, leaving the measure 9 points lower over the week.

Among leading Golds, Randfontein held pride of place and edged up ¼ to £56¼, but the majority of other top quality issues showed movements of ¼ or so in either direction. Cheaper priced Golds attracted minor speculative support in places with Modder 'B' 5 firmer at 80p, Elandsrand 11 up at 445p and Welkom 10 better at 453p. On the other hand, Grootvlei dipped 18 to a year's low of 347p and Beatrix Mines gave up 5 to a 1985 low of 185p.

South African Financials showed minor changes either way but the UK-registered issues made modest progress helped by the easier trend in sterling against the dollar. Rio Tinto-Zinc, which on Wednesday announced a 15 per cent rise in attributable profits and a marginal increase in the interim dividend, edged up 5 to 547p while Consolidated Gold Fields, added a like amount at 450p.

Movements on foreign exchange markets, which have recently restrained Australian mining issues in London, went in favour of "down-under" sectors and the latter made good progress across a broad front. Broken Hill Proprietary proved the outstanding performer among the leading diversified issues and raced ahead to close 22 stronger at 390p following excellent first quarter results and talk of further substantial share purchases by Adelaide Steam and Bell Group; the two companies are thought to hold in excess of 14 per cent of BHP's capital. Elsewhere in Australians, CRA added 6 more to 278p. Bond Corporation advanced 7 to a 1985 high of 101p and Bougainville hardened 3 to 98p.

FINANCIAL TIMES STOCK INDICES

	Sept. 27	Sept. 26	Sept. 25	Sept. 24	Sept. 23	Sept. 20	year ago
Government Secs	83.88	84.06	83.78	83.77	84.02	83.39	80.80
Fixed Interest	88.16	88.30	89.15	89.10	89.15	88.66	84.37
Ordinary ♥	989.6	979.1	980.6	982.7	995.3	1002.8	868.4
Gold Mines	301.6	301.5	306.3	310.9	312.9	310.6	561.0
Ord. Div. Yield	4.83	4.86	4.85	4.85	4.79	4.75	4.83
Earnings, Yld. % (full)	11.80	11.92	11.80	11.86	11.75	11.65	11.55
P/E Ratio (net) (*)	10.49	10.39	10.42	10.44	10.54	10.63	10.41
Total bargains (Est.)	20,343	20,015	21,323	21,008	21,176	21,040	20,236
Equity turnover £m.	—	380.83	343.26	404.20	401.01	564.93	308.90
Equity bargains	—	18,309	16,454	18,162	18,717	19,471	18,246
Shares traded (ml)	—	185.4	175.0	207.7	191.7	167.3	206.6

♥ 10 am 984.2. 11 am 984.9. Noon 985.8. 1 pm 986.1. 2 pm 986.9. 3 pm 987.1. 4 pm 987.9.

Day's High 989.8. Day's Low 983.9.

Basis 100 Govt Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activities 1974.

Latest Index 01-246 8026.

* Nil = 10.11

HIGHS AND LOWS / S.E. ACTIVITY INDICES

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.06 (26/9)	78.00 (28/1)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	89.20 (26/9)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1084.5 (22/1)	911.0 (25/7)	1084.6 (22/1/85)	49.4 (26/6/40)
Gold Mines	538.9 (16/4)	280.1 (29/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. Activity	Sept. 26	Sept. 25
Daily: Gilt Edged Bargains	138.0	159.4
Equities Bargains	118.8	106.6
Equities Value	709.7	293.8
5 day Average: Gilt Edged Bargains	150.8	142.3
Equities Bargains	118.1	115.4
Equities Value	766.9	762.8

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 23	Oct 4	Dec 19	Jan 6
Oct 7	Oct 18	Jan 9	Jan 20
Oct 21	Nov 1	Jan 23	Feb 3

For rate indications see end of Unit Trust Service

Stocks favoured for the call included Terrex, Energy Capital, Falcon Resources, Polly Peck, New London Oil, Atlantic Resources, Pelsart, Febel International, S. & W. Berisford and Premier Oil. No puts or doubles were reported.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, September 26, 1985.

Office Equipment	+29.42	Food Retailing	+ 0.64
Newspapers, Publishing	+28.92	Insurance Brokers	+ 5.61
Telephone Networks	+28.08	Industrial Group	+ 4.41
Stores	+27.25	All-Share Index	+ 4.34
Insurance (Life)	+24.63	Building Materials	+ 4.33
Brewers and Distillers	+23.91	500-Share Index	+ 4.33
Shipping and Transport	+22.56	Banks	+ 3.79
Metals and Metal Forming	+21.25	Oils	+ 3.64
Packaging and Paper	+20.41	Property	+ 3.34
Motors	+16.83	Health and H'ehold Products	+ 1.36
Insurance (Composite)	+13.31	Investment Trusts	+ 9.45
Contracting, Construction	+11.35	Food Manufacturing	+ 0.41
Other Groups	+10.81	Leisure	− 4.97
Textiles	+ 9.47	Overseas Traders	− 8.61
Consumer Group	+ 8.94	Capital Goods	− 0.07
Other Industrial Materials	+ 8.89	Electricals	−10.67
Mining Finance	+ 8.57	Chemicals	−10.70
Merchant Banks	+ 8.07	Tobaccos	−20.60
Financial Group	+ 7.95	Electronics	−35.22
Mechanical Engineering	+ 7.68	Gold Mines Index	−37.04

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ■ Introduction. ◆ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (30)

CORPORATION LOANS (1): GLC 6¾pc 1990-92

LOANS (1): Nationwide 10¼pc 9.12.85

AMERICANS (1): General Foods

BANKS (3): Commerzbank, Deutsche Bank, Schroders

BREWERS (1): Allied-Lyons

CHEMICALS (3): Amersham Intl, Hickson Intl, Coates Bros

STORES (1): Goldsmiths

ELECTRICALS (7): Apricot Computers, Greenwich Cable, CPS Computer, HP Elect Comp

TEXTILES (1): Toray

TRUSTS (3): Jove Inv Inc, Parrith (J. T.), Triplevest Inc

OILS (6): Carless Capel, Marinex Petroleum, Goal Petroleum, New London Oil, Great Western Res, Pict Petroleum

OVERSEAS TRADERS (3): Finlay (James), Inchcape, Harrisons Crosfield

PLANTATIONS (2): Anglo-Indonesian, McLeod Russel 0.4pc

NEW LOWS (59)

MINES (1): Bond Corp

AMERICANS (3): EASIX, Merrill Lynch, Bowater Inc, Tracor

BUILDINGS (1): Access Satellite

MINES (7): Grootvlei, Jason Mining, Beatrix, Geevor Tin, St Helena, Northgate, Clogau Gold

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	3	47	57	245	162	128
Corporations, Dom. and Foreign Bonds	4	7	89	88	37	287
Industrials	300	293	892	1,082	1,982	4,381
Financial and Props.	138	81	357	422	771	1,887
Oils	27	25	74	79	175	376
Plantations	3	4	11	7	13	70
Mines	63	27	93	191	258	466
Others	126	22	80	312	412	419
Totals	664	486	1,633	2,426	3,810	7,874

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Allied-Lyons	295	+ 4	Insight	154	+16
Amersham Intl	295	−20	Royal Insurance	642	− 8
Commercial Union	223	− 1	Securiguard	100	−45
Exco Intl	188	− 9	Somportex	125	+ 1
Gen. Accident	595	−13	Sun Alliance	445	− 6
GRE	660	− 7	Wordplex	118	+13

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Allied-Lyons	26	291	+ 8	GEC	14	158	− 2
Br Aerospace	20	422	+ 4	Pilkington Br.	14	248	−15
Micro Bus Sys	19	50	−27	Wold	14	65	− 7
Energy Capital	17	70	+ 2	Coats Patons	13	143	− 2
Oceonics	15	59	+11	DRC	13	190	+ 8
Somportex	15	124	+14	Imperial Grp.	13	193	+ 4

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Br Aerospace	115	422	+11	Cable & Wire.	78	567	−23
ICI	103	632	−27	GEC	72	158	−10
Allied-Lyons	82	291	+18	Barratt Devs	71	110	+ 8
Shell Trans	66	660	−23	Imperial Grp.	71	193	− 1
BAT Inds.	62	256	−14	RTZ	71	542	−16
Glaxo	79	£12⅛	− 0½	Royal Insce.	70	650	−32

S. E. DEALINGS

STERLING ISSUES BY FOREIGN GOVTS. & INTNL. INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

COMMONWEALTH GOVT.

FOREIGN STOCKS (coupons payable in London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. △ Bargains done with non-member or executed in overseas markets.

Newman Inds 10¼pcPf (£1) 93 101‡ (20/9). 18¼pcLn 1996-98 £81 (24/9)
News Intnl 7pc1stPf 58 (24/9). 7¼pc Db 1988-90 £88 (24/9)
Noble Lowd. (10p) 30½ (25/9)
Normans Grp 5pcPf (£1) 400. 8¾pcLn 1999-2004 £112
North British Steel Grp (Hldgs) 12 (25/9). PF (£1) 66½ (24/9). 7pcLn 2000-05
Nrthrn Eng Inds 5pcPf (£1) 36½. 5.375pc £67½ (23/9). 8¾pcLn 1988-93 £82. 9pcLn 1990-95 £86½
Nrthn Foods 7¼pcDb 1985-90 £88¼ (25/9)

Oldacre Hldgs (20p) 73 (24/9)

Taylor Woodrow 7¾pcUnsLn 87/90 £86♦
Television South 10pcUnsLn 1997 £114½ 5 (25/9)
Tenneco Inc 10pcUnsLn 91/95 £155 (24/9)
Thomson Org. 4/72pc1stPf (£1) 58 9½ (25/9). 5.83pcPf (£1) 72 ½ 8½. 21.7pc Pf 69¼‡ 70‡. 5pc1stMtDb 164/94) £71½ (25/9)
Thorn EMI 5pcUnsLn 2004/09 £48¼ (24/9). 8¾pcUnsLn 89/94 £88½ 125/9)
Thyssen Ag Cdbr 1Dm16. 1st Westminster Bk T50♦
Tilling (Thomas) 4.55pcPf (£1) 58½ (20/9). 5.25pcPf (£1) 66½. 8pcDb 85/90 £89 ½. 8½pcUnsL 89/94 £88¼ (25/9)
Tioxide Grp. 11½pcUnsLn 91/98 £105

T—U—V

TI Grp. 5.8pcUnsLn 99/94 £68 (24/9). 7.7pcUnsLn 89/94 £80¼. 9pcUnsLn 89/94 £86½
Talbot Motor 3½pcDb 84/89 £83½♦
Tarmac 7½pcDb 92/97 £76¼ (24/9). 8¾pc UnsLn 90/95 £84½
Tate and Lyle 6½pcPf (£1) 81¼ (24/9). 5½pcDb 80/85 £100♦. 7¼pcDb 89/94 £77¼ (24/9). 6¾pcUnsLn 85/90 £80 3 (25/9). 10½pcUnsLn 2003/08 £90½ (24/9). 13pcUnsLn 94/99 £161 (24/9)

United Computer Tech. Hldgs Wts to sub for Ord 15 (25/9)
Westpool Investment Trust 5¼pcDb 1983-1988 £88¼ ½ (25/9)
Yule Catto 11½pcPf 1998-2003 (£1) 121 (24/9)

INSURANCE

Bradstock Group (5p) 207
Commercial Union Assurance 5pcPf 1999-2009 (£1) 46½
General Acc Fire Life Assc Cpn 5¼pcPf (£1) 45 (24/9). 7¼pcLn 1097-92 £83¼ 4½. 7¼pcLn 1092-97 £80¼♦

Guardian Royal Exchange Assurance 7pc Pf (£1) 73 (24/9). 7pcLn 1986-91 £84 ¼ ½
Provincial Insurance 25pcPf (20p) 50½

INVESTMENT TRUSTS

Alliance Trust 4pcPf £35 (28/9). 4¼pcPf £37 (20/9). 4½pcDb £85 (24/9)
Asset Special Situations Trust Wts to sub for Ord 17½♦
Baillie Gifford Shin Nippon Wts to sub for Ord 18½ (24/9)
British Assets Trust A 5pcPf £42¼ (23/9)
CSC Investment Trust 147

MINES—SOUTH AFRICAN

El Oro Mining and Explor Co Ord (10p) 143 5. (25/9)
M T D (Mangula) Ord $21 9 (23/9).
Mineral Resources Corp $0 11.40) 500 5 10.
North Kalgurli Mines 8P to sub for 1 share 20 5 30 ½‡.
Rio Tinto-Zinc AccOrd (25p) 500 27 37. 3.325pc APrf (£1) 42½ 3. 3.5pc BPrf (£1) (reg) 45‡ ½‡.

Beatrix Mines Ord shs of Nov 108 (25/9).
Coronation Syndicate (R0.25) 53♦.
Middle Witwatersrand (Western Areas) 8pc Prf (R1) 5‡ (24/9).
Tran-Natal Coal Corp (R0.50) 275 (24/9).

OIL

British Petroleum Co 9pc2ndPrf (£1) 82.
Britoil Ord (10p) (Pty pd-1/11/85) 117 8 9 28 1 2 3.
Burmah Oil 7¼pcPrf (£1) 64½‡ 7½ ¼‡ 8‡ ½ (25/9). 8pcPrf (£1) 73 4 ¼‡ (25/9). 7½pcLn 1981-86 £98½.
Great Western Resources Shs of Com Nov 100.
Jackson Explor Inc Shs of Com Nov (Rest Transfer) 26 (24/0).
Shell Trans and Trading 5½pc1stPrf (£1) 49½ (25/9). 7pc 2ndPrf (£1) 83½.

PROPERTY

Abaco Inv 6¾pc Deb 1987-92 £84½‡.
Alliance Prop Hldgs 6½pcDeb 1992-97 £88¼ (25/9).
Aled London Prop 7½pcDeb 1990-95 £78½ ¾.
Argus Securities 12pcDeb 1993-99 £104.
Atlantic Metro (UK) 12pcLn 1991-97 £109 (24/0).
Bampton Hdgs 8¼pcDeb 1988-93 £80 (20/9).
Bilton (P.) 230♦
Bradford Prop Tst 12pcLn 2002 £500 (20/9).
Brixton Estate 18.755pc Deb 2025 27¾ ¼
Charlwood 7½pcLn (50p) 20♦
Churchbury Estates 4.2pcPf (£1) 48 (25/9)
Colman (E. A.) Inv 9pcLn 1991-96 £64 (25/9)
Dares Estates 8pcLn 1992-97 £64 (20/9)
English Property Corp 9½pc1stDb 1997-2002 £95 (24/9)
Estates & Gen Inv 11.25pc1stDb 20 18 (£40Pd-31/12/85) £43
Green Property 1(Ir£0.25) 69 (24/9)
Hammerson Prop Inv & Dev Corp 440 50
Haslemere Estates 0pcLn 2001/06 £132. 6½pcLn 1900-95 £214 (25/9)
Land Securities 8pc1stDb 1988-93 £75 7½ ¾. 7¼pc1stDb 1991-96 £79 (24/9). 9pc1stDb 1996-2001 £85½ (25/9). 8½pc Ln 1992-97 £82¼ ½ 3
London County Free & Leas Prop 3¼pc1st Db 1958-89 £90 (23/9). 8¼pc1stDb 1988-95 £77¼ (20/9)
London Shop Property Tst 8¼pcLn 1987-1997 £80½ (23/9)
MEPC 4pc1stDb 1962-96 £90. 9¾pc1st Db 1997-2002 £91 (23/9). 12pc1stDb 2017 £110. 8pcLn 2000-03 £73‡ 4. 8½pcLn 1995-2000 £95½
McKay Securities Capital (20p) 125 (24/9)
Marlborough Property Hldgs 10pcLn 1998-2002 £146 (23/9)
Municipal Prop (50p) £21 2
Palmerston Inv Tst 440 (25/9)
Peel Hldgs 18pcPf (50p) 59
Property Hldgs & Inv Tst 8¼pcLn 2001¼ 2008 £130 (20/9)
Property Security Inv Tst 9pcPf (£1) 90‡ (24/0)
Reliable Properties 170 5 (20/9)
Town & City Prop 8pcLn 1997-99 £74 (23/9)
Town Centre Securities 9pcLn 1996-2000 £114 (25/9)
United Kingdom Prop 9½pcLn 2000-05 £77½ 9 (25/9)
Wates City of London Prop 125 7 9
Webb (J.) 7½pcPf 181) 54
Western Ground Rents 3¼pc1stDb 1956-1991 £68¼ (24/9)

PLANTATIONS

Anglo-Indonesian Corp 9½pcPf (£1) 208. Fltg Rate Uns Ln 1985-88 £90
Bunloo Plantations 8pcPf (£1) 52½ 4¼ (24/9)
Guthrie Corp 9¼pcLn 1092-97 £77‡ (20/9)
Hong Kong (Selangor) Rubber (10p) 125 (24/9)
Inch Kenneth Kajang Rubber (10p) £8¼
Killinghall (Rubber) Bev Syn (10p) 150 200
McLeod Russel 8pcPf (£1) 53½ (24/9). 5.9pcPf (£1) 34 (20/9)
Malakoff Berhad ($M1) 84½
Padang Senang Hldgs (10p) 70‡ (20/9)
Riverview Rubber Estates Berhad ($M1) 130 1½
Singapore (23/9)

Aberdeen Steak Houses Group (5p) 75 ¼ 00‡ 89
Access Satellite Intnl (5p) 155
Biomechanics Intnl (10p) 23
CCA Galleries (10p) 89. New (10p) 89 (25/9)
Cannon Street Invs 7.7pcPf 1994-98 225‡ 5
Cluff Oil Wts 9 5
Cobra Emerald Mines np 81♦
DDT Group (5p) 145 (25/9)
Dean Park Hotels Group (25p) 48
Eldridge Pope A (£1) 235
Gibbs Mew (25p) 140
Goodhead Print Group (20p) 85 6
Gould (Laurence) (25p) 113
Guernsey Atlantic Secs (£1) 165 7 (23/9)
Heavitree Brew (25p) 305. A (25p) 325
Intervision Video (Hldgs) (10p) 4 ½ 5
Israel (Jack L.) Group (4p) 27½ 8. New 28 ½
Just Rubber New 00 1 2 ¼ ½ 3 ½ 4 5
Kenyon Secs (25p) 245
Kewill Systems New (5p) 75 80 2
Lewmar (25p) 107 8
Lysander Petroleum (5p) 70
Memory Computer 7.8pcPf 1994-98 (£1) 94
Michael (John) Design (2.5p) 71‡ 2 ½‡
Moss Advertising Group (5p) 83 (24/9)
Pavion Intnl 3.85pcPf (£1) 52 (25/9)
Perkins (John) Meats (10p) 29 (23/9)
Polypipe (10p) 145
Questel New (10p) 165 7 5 70 2
Sapphire Petroleum (50p) 83 (25/9)
Spectra Auto Eng Prods (19p) 51
Trillion (10p) 57
Yellowhammer (5p) 129♦

RULE 535 (4) (a)

18Bargain marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Diamond Shamrock Corp £11½♦ (20/9)
Digital Equipment £79¼ (24/0)
Dome Mines US$9½ (23/9)
Dresdner Bank £73¼♦ 5¼♦
Dresser Industries £14½♦ (20/9)
Eastcourt 65♦ 56
Eastern Asia Navigation Co 60 (25/9)
Eurounion £35 (20/9)
Forest Laboratories £17.20. 54 (24/9)
Fort Howard Paper Co £57¼♦ (20/9)
General Mills £42¼♦
Golconda Minerals 30♦ (23/9)
Gould Inc £18½ (25/0)
Greenbushes Tin 40
Greenwood Resources 15
Hang Lung Development 74 ½ 5 (24/9)
Hartogen Energy 107
Heineken NV £38 (20/9)
Hemerdon Mining and Smelting 30♦ (25/9)
Hewlett-Packard £21 ¼ ½ (24/9)
Highveld Steel and Vanadium US$1¼
HK-TVB 54½
Hong Kong Electric Hldgs 690 (24/9)
Humana Inc US$29¾ £20.30 (25/9)
Hunter Resources 22♦ (23/9)
Hussel AG £103.95♦ DM401
Int City Hldgs 7♦ (24/9)
Int Mining 5 (20/9)
Interprovincial Pipe Line £22 (20/9)
Jardine Matheson Finance Warrants 8 (23/9)
Jardine Securities 121 (24/9)
K.L.M. (Koninklijke Luchtvaart Mij) US$18.55 (24/9)
Kaufhof AG £79 (20/9)
Kern Corp 127
Kulim Malaysia 590 8 (25/9)
LAC Minerals £17¾♦ (24/9)
Lightning Ridge Mining 5
Lucky Stores £16♦ (25/0)
Lufthansa (DM50) DM 232♦ (23/9)
M.A. Com Inc £11½
Magnum Resources 90 (20/0)
Mannesman AG DM227
Matsushita Electric Industrial Y1190♦
McDonald's Corp £40 (20/9)
Moet-Hennessy Fr1908 (24/9)
Mount Carrington Mines 54♦ (20/9)
N.Z. Forest Products 85 (23/9)
National Electronics (Cons) 6½♦ 5½ (24/9)
National Semiconductor Corp £8¼
Nationale - Nederlanden CVA (Fl2.5) £17.50 (25/9)
Negri River Corp 34 (25/9)
New Zealand Goldfields 47♦
News Corp 338♦ 47 (24/9)
Nl Cal Developments US$1¼ (29/9)
Nicholas Kiwi Australasia 100 (25/9)
Nixdorf Computers AG Prf DM575 (23/9)
Noranda Inc 790♦ (24/9)
Northrop Corp £35½ (20/9)
Oil Search 19¼ ¼ ¼‡ 20‡
Pancontinental Petroleum 13¼ (23/9)
Penney (J.C.) £32½ (25/0)
Petroleum Securities Aust 65
Peugeot S.A. £77 (23/0)
Phelps Dodge 51¾ (24/0)
Phillips Petroleum 87¾ (24/9)
Pioneer Concrete Services 183 7
Pittston US$13½ (25/9)
Poseidon 193♦ 5 8 9
Pretoria Portland Cement 195♦ (20/9)
Prime Computer £13 (24/9)
Regal Hotels (Hldgs) 11½ (25/0)
Satmarine and Randles Hldgs 250 (24/9)
Schering AG DM510 (24/0)
Schering-Plough Corp £33¼ (28/0)
Sea-Land Corp $13¼♦ (25/9)
Shell Canada Class A £11¾ (25/9)
Siemens AG 144¾ 3 50½‡
Singapore Land 60 (25/9)
Sonora Gold Corp 35♦ (23/0)
Square Gold and Minerals 120 (23/9)
Standard Oil of Ohio 530¼♦ ¼ (25/9)
Stirling Petroleum 2½ (25/8)
Sun Hung Kai Properties 111 (23/9)
Super Valu Stores 51 3 (24/0)
Sydney Oil Co 11½ (25/9)
Tandem Computers £18¼ (28/9)
Tandem Resources 123
Target Petroleum 17
Target Petroleum (A$0.13) 7½♦ (24/9)
Teck Corp A £6¼
Teck Corp B £7¼ (23/9)
Terrex Resources 31½‡ 1½ 2 ½‡
Thyssen AG £39.00 DM132½ 3 (25/0)
Unilever NV (Fl20) £76.93 (24/9)
Volkswagenwerk AG £87 DM331 (25/9)
Voltan Minerals 19 (29/0)
Waihi Mining Co 40 (25/0)
Walker (Hiram) Resources 516♦ (24/9)
Westmex 15 17 (24/9)
Zinen 17 (23/9)
Zone Pet 12 (28/9)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Abbey National Bldg 3pc 12½pcBd due 18/7/86 £100.655
Airship Inds 23½ 6. Do (Tp) 23½ 9 (23/9)
Airsprung (10p) 56 (20/0)

Greenstar Hotels 30 1 (25/9)
Guernsey Gas Light (£1) 245 (24/9)
Hartley Baird (5p) 6 7 (24/9)
Harvard Secs (2p) 39 1 (25/9)
Hill Woolgar (£1) 185 7 (23/9)
Hugin (10p) 172
I.C.E. (1p) 513.00 10 (23/9)
Integrated Business (5p) 112 (24/9)
Jennings Bros 8½pcCmPf (£1) 35 (20/9)
Konick Leisure (10p) 88 2 (25/9)
La Riches Stores (£1) 543
London Fiduciary Trust (10p) 8½ ¾ (23/9)
Lorne Explo (£1) 55 (24/9)
Man and Lon Inv 1st (50p) 148 50 (23/9)
Newgate (5p) 1½ ¾ (25/9)
Norton Villiers Triumph (10p) 4½ 5 ½ (25/0)
Park Lane Hotel 5.6pcPf (£1) 54 7
Secs Tst of Scot 4pcDb 1980-85 £100 ½ (25/0)
Shepherd Neame A 490 2 5 508 (24/9)
Sinclair Research 175 2 25 (25/9)
Southern Newspapers (£1) 188¼ 00
Teddale Invs (10p) 7 ½ (23/9)
Utd Tin Areas (12½p) 42 5 (24/9)
Winchmore 47½ 8

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Celtic Basin Oil Explo (£1) 5 8 (20/9)
Kenmore Oil Explo (Ir£0.25) 4½ (20/9)

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APPOINTMENTS

Marketing posts at BP

Mr Vivian Thomas, general manager commercial trade, BP OIL, has been appointed to the board as marketing director. He succeeds Mr John Hawkshaw who, after four years in the post, leaves to become general manager oil strategy and marketing with BP Oil International. Mr Thomas, a marine engineer, joined Shell-Mex and BP in 1959. He was appointed chairman of BP Aquaseal in 1982 and chairman of Alexander Duckham in 1984. He became general manager in 1984 and will be succeeded by Mr N. P. Connolly, currently assistant general manager, trade and supply, BP Oil International.

★

As a result of the recent merger of Sim-Chem and Simon-Carves to form a single contracting company, Mr Brian Ridal has been appointed managing director of the new company, which will trade as SIMON-CARVES. He was engineering director of Sim-Chem. Simon-Carves is part of Simon Engineering's process plant contracting group.

★

PHILLIPS PETROLEUM COMPANY EUROPE-AFRICA has made two appointments in its London office. Mr F. Leo Faust, formerly director, tax management, has been promoted to senior vice-president, finance and tax. He replaces Mr Robert H. Schultz, who has transferred to the Phillips Petroleum Company head office in Bartlesville, Oklahoma, as assistant treasurer. Mr Charles E. Daniels, formerly senior attorney in the legal department of Phillips Petroleum Company Europe-Africa in London, has been promoted to senior vice-president and general counsel. He succeeds Mr John L. Willford, who has transferred to Bartlesville on appointment as associate general counsel, Phillips Petroleum Company.

★

FRY'S METALS—a Cookson Group Company—has appointed Mr R. E. Draisey as sales director and Mr K. B. Brown and Mr H. C. Wilson as directors.

★

Mr Norman Allen has been appointed managing director of ALLEN FLETCHER INTERACT. He was creative director of Freeman Mathews and Milne.

★

From January 8 1987, Mr K. M. Franklin will resign all group directorships at HORIZON HOLIDAYS. He will continue as a consultant after his retirement. Mr Franklin will resign as managing director of Horizon Holidays from September 30 but will continue as non-executive chairman until 1987. Mr David Cockerton, currently deputy managing director, becomes managing director. He has been with Horizon since 1972. Mr Michael Knowles will be appointed to the newly-created position of development director. He also becomes managing director of Broadway Holidays and Horizon Travel Centres and will be appointed a director of Holiday Club International when that company is acquired by Horizon in November. Mr Keith Purdon moves to the newly-created position of sales and operations director.

★

ITT CONSUMER PRODUCTS (UK) has appointed Mr Mimpress as managing director. He was joint sales and marketing director. Mr Len Borton has been promoted to operations director and Mr John Dunlop to director of finance. The appointments are from January 1 1986 on the retirement of the present managing director, Mr Roy Browning.

★

Mr Alan Fell has been appointed director and general manager of RHONE-POULENC SYSTEMS, Houghton Regis. He was group personnel development manager for May & Baker, a subsidiary of the Rhone-Poulenc Group.

★

Mr John Wolff has rejoined the board of RUDOLF WOLFF & CO from October 1. Mr Wolff, who is a member of the London Metal Exchange Committee, was a director of the company until 1981.

★

Mr Barry Michael Dashwood has been appointed an assistant director of C. E. HEATH & CO (INTERNATIONAL).

★

Following the sale of TRIDENT GENERAL INSURANCE COMPANY by the General Re Group, Mr T. E. Fisher, Mr F. Munson, Mr R. Ferguson, Mr P. W. Ness, and Mr R. G. Anderson have resigned from the board. Mr Gordon J. R. Hickmott becomes non-executive chairman and Mr Peter Elliss becomes managing director.

★

Mr Guy Baly has been appointed a director of LESLIE & GODWIN REINSURANCE.

★

Mr John Rodd has been appointed chairman and Mr Christopher Berry Green managing director of BERRY BROS & RUDD, owner of Cutty Sark Scotch Whisky. Previous chairman Mr Anthony Berry remains a non-executive director.

★

Mr Charles von Westenholz is joining the boards of RUSHLAKE HOTELS and its quoted subsidiary, London Park Hotels, from October 1. He comes from Grindlays Bank where he was head of corporate finance.

★

Mr Vince Christie has been appointed to the board of SIR ROBERT McALPINE & SONS. He was area manager for Wales and the west division.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
232, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	42.9	44.4	-0.1	5.27
Accum Units	93.1	99.0	—	5.20
Pearl Inc.	88.5	94.3	+0.4	5.29
Pearl Unit Tst.	92.1	98.0	+0.4	4.29
(Accum. Units)	155.8	165.7	+0.7	4.29

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	185.1	198.7	+2.7	1.98
Income	141.5	151.3	+1.1	5.39
Worldwide Recovery	102.7	110.2	+1.5	2.79
American Growth	52.4	56.3	+0.6	1.12
Intl. Emerging Cos.	57.4	61.4	+0.4	0.76
Far East Growth Fd.	48.8	52.4	+1.0	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544-7

Prolific Far East	109.4	117.2	+2.6	0.31
Prolific Extra Inc.	61.2	65.1	-0.2	6.14
Prolific Gilt Cap.	83.9	87.3	-0.1	3.15
Prolific High Inc.	132.3	140.7	-0.2	5.27
Prolific Intl.	80.8	86.4	+0.9	1.01
Prolific N. Amer.	107.6	115.3	+1.2	2.58
Prolific Spec. Sits.	142.9	152.0	—	1.55
Prolific Technology	93.6	100.7	+0.2	0.91

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	52.5	55.4	+0.8	—
Worldwide	48.0	50.8	+0.7	1.95
European Trust	54.5	57.5	+0.8	2.09
North American	45.8	48.5	+1.2	2.52
UK Equity	50.7	53.7	+0.4	3.96

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3377

Holborn Equity Tst.	318.1	338.3	+1.3	3.82
Holborn European Trust	—	50.0	—	1.05
Holborn Gilt Tst.	157.3	164.7	-0.2	8.74
Holborn High Inc.	55.2	58.7	+0.1	7.42
Holborn Intl Growth	60.5	64.3	+0.8	0.49
Holborn Japanese Trust	—	50.0	—	0.06
Holborn N. Amer. Trust	—	50.0	—	2.27
Holborn UK Growth	63.0	67.0	+0.2	2.93

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	87.4	93.4	+1.5	1.56
Do. Accum.	91.0	96.9	+1.4	1.56
TSB Extra Income	85.8	90.1	+0.4	6.64
Do. Accum.	95.3	101.4	+0.5	6.64
TSB General	118.2	125.7	+0.5	3.49
Do. Accum.	191.4	203.6	+0.9	3.49
TSB Gilt & Fxd Int.	47.9	49.9	....	9.19
Do. Accum.	58.9	61.4	....	9.19
TSB Income	164.9	175.5	+0.6	5.20
Do. Accum.	249.8	264.7	-1.0	5.10
TSB Pacific	105.0	111.6	+1.6	0.71
Do. Accum.	107.8	114.7	+1.7	0.71
TSB International	226.8	241.3	+3.8	2.07
Do. Accum.	270.3	291.7	+4.7	2.07
TSB Natural Resources	43.7	46.5	+0.1	2.12
Do. Accum.	44.1	47.0	+0.1	2.12
TSB Scot. Opps.	46.4	49.4	+0.1	2.49
Do. Accum.	50.5	51.8	+0.1	2.49

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	64.6	69.3	+0.7	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	61.5	65.8	+1.2	0.46
Australia	30.8	32.9	+0.5	0.10
Commodity	83.7	90.0	+0.4	1.90
Energy	38.3	41.0	+0.7	0.33
Equity	100.0	106.7	+0.4	3.98
European Spec. Sits.	57.5	61.5	+0.8	0.73
Extra Income	90.7	97.0	+0.5	7.61
Financial	198.4	211.6	+0.4	2.38
Gilt Capital	226.0	236.6	+0.2	3.25
Gilt Income	102.2	106.0	....	8.43
Gold Income	57.0	61.0	+1.0	1.60
Gold Acc.	103.8	111.1	+1.2	1.60
Income	59.5	64.0	+1.4	5.98
Japan	47.6	51.0	+1.0	0.10
Malaysia & Singapore	23.2	24.9	+0.1	0.81
Pacific Income	62.3	66.6	+1.1	0.49
Pacific Re Inv.	76.2	81.5	+1.2	0.49
Preference Share	16.1	17.4	....	9.94
Professional	486.3	519.7	+0.1	2.12

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.40			3-mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.57	8.68	12.08	6mth
7-day Fnd	11.44	8.58	12.48	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.62	8.69	12.00	6-mth
7-day Fund	11.46	8.57	12.41	6-mth
Dollar		6.75		6-mth
Money Mngt. Acct.	11.00	8.22	12.27	3-mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				
Full Service Chq Acc	11.25	8.00	11.93	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.25	8.41	12.98	Qtr
Mth. Int. Chq.	11.125	8.33	12.56	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	11.00	8.25	12.18	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.38	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.15	8.32	12.34	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.23	12.94	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.50	Mth
Japanese Yen	5.00	5.00	5.00	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Money Market Plus		9.50	14.28	Mth
Co-operative Bank Cheque & Save				

NOTES

OPTIONS

3-month call rates

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101	99	Exch. 12pc 1985	99	.....	[illegible]	11.74
101	99	Exch. 11pc '86	100¼	−	[illegible]	10.88
[illegible]	97	Treas. 10pcCnv 1986	99	−	[illegible]	10.68
[illegible]	92	Treas 3pc 1986	96	.....	[illegible]	8.98
100	97½	Exch. 10½pc Cv '86	99	−	[illegible]	10.93
[illegible]	94	Treas 12pc 1986	100	−	[illegible]	10.84
[illegible]	94	Treas 8½pc 1984-86‡‡	98	.....	[illegible]	10.65
[illegible]	102	Exch. 14pc 1986	103	−	[illegible]	10.73
[illegible]	87	Exch. 2½pc 1986	94	−	[illegible]	7.77
[illegible]	101	Exch. 13½pc 1987	103	−	[illegible]	10.63
[illegible]	96	Treas 10½pcCv '87	99	−	10.50	10.53
93	85½	Exch 2½pc 1987	92	.....	2.70	7.90
100	96¼	Exch. 10½pc 1987	100	−	10.50	10.51
94	89	Funding 6½pc '85-87‡‡	94¼	−	6.87	10.21
99	95	Treas. 10pc 1987	99	−	10.10	10.61
91	84¼	Treas 3pc 1987	91	.....	3.27	8.07
102	99	Treas. 12pc 1987	102½	−	11.71	10.67
95	90	Treas 7¾pc 1985-88‡‡	94¼	−	8.18	10.31
100	95	Exch 10½pc '88	99	−	10.52	10.56
90	93	Treas 9½pc Cv '88	97	−	9.95	10.63
86	80	Transport 3pc '78-88	86	.....	3.48	8.57
97	91	Treas. 9½pc '88	97	−	9.78	10.61
102¼	97½	Treas 11½pc 1989	102	−	11.21	10.55
97	90¼	Treas 9½pc Cnv. '89	97	−	[illegible]	10.53
82	79	Treas 3pc 1989	82	.....	[illegible]	8.58
99	94	Treas 10½pc 1989	99	−	[illegible]	10.60
98	92	Exch. 10pc 1989	98	−	[illegible]	10.61
101	95	Exch 11pc 1989	101¼	−	[illegible]	10.61
86	79	Treas 5pc 1986-89	86	.....	5.8	9.21
108	103	Treas 13pc 1990‡‡	108½	−	11.[illegible]	10.45
101	96	Exch 11pc 1990‡‡	101½	−	[illegible]	10.53
108¼	100¼	Exch. 12½pc 1990	107	−	[illegible]	10.51
78	75¼	Treas. 3pc 1990	78	.....	[illegible]	8.86
93	87	Treas 8¼pc 1987-90‡‡	92	−	[illegible]	10.31

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

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Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

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HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

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Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

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PROPERTY—Continued

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SHIPPING

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TOBACCOS

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Investment Trusts

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INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

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OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- † USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- 0 No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98	......	Arnotts	218	......
Craig & Rose £1	700	......	CPI Hldgs	58	......
Finlay Pkg. 5p	51	......	Carrol Inds.	135	......
Higsons Brew	235	......	Dublin Gas	75	......
Holt (Jos) 25p	730	......	Hall (R. & H.)	61xd	−1
IoM Stm. £1	89	−1	Helton Hldgs.	22	......
IRISH			Irish Ropes	46	......
Fund 11½% 1988	£101¾	+¼	Jacob (W. & R.)	85	......
Nat. 9¾% 84/89	£97¾	......	Unidare	107	......
Fin. 13% 97/02	£107¾	......			

"Recent Issues" and "Rights" Page 14

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101	99	Exch. 12½pc 1985	99	.....	[illegible]	11.74
101	99	Exch. 11½pc '86	100¼	−	11.[illegible]	10.88
99¼	97	Treas. 10pcCnv 1986	99	−	[illegible]	10.68
96¾	92¾	Treas 3pc 1986	96¼	.....	3.1[illegible]	8.98
100	97½	Exch. 10½pc Cv '86	99	−	[illegible]	10.93
101¾	99½	Treas 12pc 1986	100	−	[illegible]	10.84
98	94¼	Treas 8¼pc 1984-86‡‡	98¼	.....	[illegible]	10.65
105	102	Exch. 14pc 1986	103	−	[illegible]	10.73
94¼	87¾	Exch. 2½pc 1986	94	−	[illegible]	7.77
104	101¾	Exch. 13¼pc 1987	103	−	[illegible]	10.63
99	96½	Treas 10½pcCv '87	99	−	[illegible]	10.53
93	85½	Exch 2½pc 1987	92	.....	[illegible]	7.90
100	96¼	Exch. 10½pc 1987	100	−	10.50	10.51
94	89	Funding 6½pc '85-87‡‡	94½	−	6.87	10.21
99	95½	Treas. 10pc 1987	99	−	10.10	10.61
91	84¼	Treas 3pc 1987	91	.....	3.27	8.07
102	99¼	Treas. 12pc 1987	102½	−	11.71	10.67
95	90¾	Treas 7¾pc 1985-88‡‡	94¼	−	8.18	10.31
100	95¼	Exch 10½pc '88	99	−	10.53	10.56
98	93½	Treas 9½pc Cv '88	97	−	9.95	10.63
86	80	Transport 3pc '78-88	86	.....	3.48	8.57
97	91½	Treas. 9½pc '88	97	−	9.78	10.61
102¼	97½	Treas 11½pc 1989	102	−	11.21	10.55
97	90¾	Treas 9½pc Cnv. '89	97	−	9.79	10.53
82	79	Treas 3pc 1989	82	.....	3.[illegible]	8.58
99	94	Treas 10½pc 1989	99½	−	[illegible]	10.60
98	92	Exch. 10pc 1989	98	−	[illegible]	10.61
101	95	Exch 11pc 1989	101¼	−	[illegible]	10.61
86¼	79	Treas 5pc 1986-89	86	.....	[illegible]	9.21
108¾	103¼	Treas 13pc 1990‡‡	108½	−	11.[illegible]	10.45
101¾	96	Exch 11pc 1990‡‡	101½	−	10.[illegible]	10.53
108¾	100¾	Exch. 12½pc 1990	107	−	[illegible]	10.51
78¾	75¾	Treas. 3pc 1990	78¾	.....	[illegible]	8.86
93	87¾	Treas 8¼pc 1987-90‡‡	92	−	[illegible]	10.31

Five to Fifteen Years

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101¼	97¾	Treas. 10pcCv 1990	97¼	.....	[illegible]	10.58
107¼	97¾	Treas 11¾pc 1991	107¼	.....	11.[illegible]	10.59
87	80	Funding 5¾pc '87-91‡‡	86	.....	[illegible]	9.01
105¼	95	Exch. 11pc 1991	101¼	.....	10.[illegible]	10.58
112¾	101¾	Treas 12¾pc 1992‡‡	112¼	.....	[illegible]	10.58
99	88¾	Treas 10pc 1992	98	.....	[illegible]	10.47
104	94¼	Treas 10½pc Cv 1992‡‡	104	.....	[illegible]	10.53
110¾	98¾	Exch. 12¼pc '92	108¾	.....	11.[illegible]	10.67
117¾	105	Exch 13½pc 1992	113½	−	11.[illegible]	10.76
112¼	101¼	Treas. 12½pc 1993‡‡	112¼	+	11.[illegible]	10.64
83¾	74¾	Funding 6pc 1993‡‡	82	.....	7.3[illegible]	9.29
121¼	109¾	Treas 13¾pc 1993‡‡	121¼	.....	11.[illegible]	10.69
125¼	111¼	Treas 14½pc 1994‡‡	122½	.....	11.9[illegible]	10.60
119¾	108¾	Exch 13½pc 1994	114¼	.....	11.71	10.75
113¾	100¾	Exch. 12½pc 1994	111¾	+	11.33	10.67
95¾	86¼	Treas 9pc 1994‡‡	95¼	.....	9.79	10.38
109¾	98¾	Treas 12pc 1995	109¾	.....	11.14	10.66
71½	62¾	Gas 3pc '90-95	70½	.....	4.26	7.37
100	89¾	Exch. 10¼pc 1995	100	.....	10.46	10.57
117¾	106¼	Treas 12¾pc 1995‡‡	117¾	.....	11.26	10.60
122¾	110¼	Treas. 14pc '96	122¾	.....	11.67	10.73
94¾	84¼	Treas 9pc 1992-96‡‡	92	.....	9.82	10.33
134¾	121½	Treas 15¼pc 1996‡‡	127	+	11.88	10.72
121¾	110½	Exch 13¼pc 1996‡‡	121¾	.....	11.34	10.56
77¼	68½	Redemption 3pc 1986-96	76½	.....	3.92	5.94
119¾	108¼	Treas 13¼pc 1997‡‡	119¾	.....	11.29	10.57
102¾	90½	Exch 10½pc 1997	101¼	.....	11.49	10.47
91¾	80½	Treas 8¾pc 1997‡‡	90	.....	9.80	10.33
132¾	120¾	Exch. 15pc 1997	126¼	−	11.73	10.82
97¼	87¾	Exch. 9¾pc 1998	97¼	.....	10.24	10.44
79¼	70½	Treas 6¾pc 1995-98‡‡	76¼	.....	8.80	10.06
138¾	122¾	Treas. 15½pc '98‡‡	132½	.....	11.66	10.75
114¾	103¾	Exch. 12pc 1998	114¾	.....	10.88	10.53
96¾	86¾	Treas 9½pc 1999‡‡	96¾	.....	10.07	10.27
116¼	103¾	Exch. 12¼pc 1999	112¾	−	10.89	10.50
104¾	94¼	Treas. 10½pc 1999	104¾	.....	10.42	10.39
102¾	92¾	Conversion 10¼pc 1999	102¾	−	[illegible]	10.38
121	109¾	Treas. 13pc 2000	120	−	[illegible]	10.55

Over Fifteen Years

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
127¾	115¾	Treas. 14pc '98-01	127¾	.....	11.[illegible]	10.69
97¼	92	Conversion 9¾pc 2001	97¼	.....	10.1[illegible]	10.27
112¾	102	Exch. 12pc '99-02	112¾	−	[illegible]	10.51
101¼	92¾	Conversion 10pc 2002	97½	.....	[illegible]	10.28
96¾	94¾	Treas 9¾pc 2002	96¾	.....	10.1[illegible]	10.24
125¾	114¾	Treas. 13¾pc 2000-03	125¾	.....	11.1[illegible]	10.58
113¾	101¾	Treas. 11½pc 2001-04	109¾	.....	[illegible]	10.32
100¾	95	Treas. 10pc 2004	100¾	.....	[illegible]	10.19
52¼	46½	Funding 3½pc '99-04	52¼	.....	[illegible]	8.83
97¾	89¾	Conversion 9½pc 2004	93½	−	[illegible]	10.17
108¾	94½	Exch. 10½pc 2005	103	−	[illegible]	10.18
121¾	111¼	Treas. 12½pc 2003-05	121¾	.....	10.[illegible]	10.35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

[illegible]

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[illegible]

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[illegible]

DRAPERY & STORES—Cont.

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ELECTRICALS

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ENGINEERING

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ENGINEERING—Continued

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FOOD, GROCERIES, ETC

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[illegible]

WEEKEND FT

Saturday September 28 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

The good guru guide

City brokers view in-house economists as essential. They are also having an ever-growing impact on British financial fortunes, as **Philip Stephens** has discovered. . .

THEY ARE extrovert, supremely confident, adept at forgetting past errors and paid very highly. Denis Healey once vowed they would never dictate Government economic policy, but even Nigel Lawson, a veteran of the City, has found them snapping at his heels when things have gone wrong. Mr Healey referred to them as young men who write brokers' circulars. In today's Treasury, one of Mr Lawson's close aides calls them "teenage scribblers." But the economists of the City of London—now mostly not so young—are going from strength to strength.

The man-in-the-street is exposed constantly to their opinions (via such media phrases as "The City's view was . . ."). Many get regular slots on television and radio programmes, or in the Sunday newspapers. And, as London's financial markets come increasingly to resemble those in the U.S., the chances are that their influence will become even greater.

For the City's stockbrokers, an in-house economist is de rigeur. In all, there are probably 25 or 30, nearly all of whom are men, who push out a constant supply of economic analysis to institutional clients and the business sections of major newspapers. Many of them lead substantial teams of specialists.

They are a heterogeneous bunch. Among the top half-dozen or so, there are supporters of all the main politcal parties; representatives of the two main currents of economic thought, Keynsianism and monetarism; ex-academics and those who sneer at the slow pace of life in universities. Their outside interests are equally diverse. At least two have a penchant for what they like to call "investing on the horses." Another confesses to spending much of his leisure catching up on the Financial Times with a bottle of good red wine to help him along. What might be regarded as more traditional recreations for City types — sailing or bridge — are also represented.

The top economists are coy about how much they are paid; £50,000 a year is probably regarded as a floor for the best of them and six-figure salaries are not rare. Some tend to focus on economic forecasting — guessing (though with the aid of expensive computers) likely developments in everything from industrial production to interest rates and the expected evolution of Government economic policy.

Others concentrate on the more arcane (but, for financial markets, equally relevant) twists and turns in monetary policy and their implications for the £100bn market in British Government securities.

They are all, however, a relatively modern breed. The initial impetus came early in the 1970s when the breakdown of the Bretton Woods fixed exchange rate system started a more general liberalisation and internationalisation of financial markets. Superimposed on that was the first oil shock, which led to a major shift in the world's capital flows as Arab oil producers sought to invest their vastly increased wealth. Then came the dismantlement of exchange controls.

The relative economic tranquility in the industrialised world during the post-war period was shattered. Instead, there were fast-moving and volatile markets in which investors needed not just specialist comment on any particular share price, but more general forecasts of the environment in which they would be operating.

Paul Neild, until this week the chief economist at one of the biggest City brokers, Phillips and Drew, was among the first to see the potential. A forthright 39-year-old Northerner with a clutch of degrees, he came to the City in 1971 because, he says, "IBM offered me £1,200 a year and Phillips and Drew £1,250."

On Saturdays, he prefers the Sporting Life to the FT and calls himself a serious student of racing form. But among the people who count in the City's financial institutions, he is regarded as one of the top forecasters of the UK economy, with an acute instinct for the implications of subtle shifts in official policy. In the annual Extel survey of top City analysts, the Phillips and Drew team headed by Neild has been ranked number one in the UK economy section for each of the last 11 years.

Neild started his computer-based forecasting service in 1974. The aim, he says, was to inject an element of policy analysis into economic projections at a time when university economists were basing their forecasts on the rather unrealistic assumption that there would be no changes in government policy.

Clearly, he is proud of the first issue of what has become a monthly publication. Called "On the verge of an inflationary hurricane," it anticipated the prices spiral later in the decade. Now—packed with figures on the past and likely *future* performance of the economy — it is part of a deluge of paper falling on the desks of the thousands of City fund managers and investment advisers.

Not all City economists, however, are convinced of the worth of all this high-tech fortune-telling. Roger Nightingale, of broker Hoare Covett, can justly claim to have been the first in the City to build his own computerised model of the economy back in 1969. The same age as Neild, his interest has shifted from the pure economics of forecasting towards a much more market-orientated view of the world.

"We were the first to become disillusioned with forecasting . . . we realised that the level of knowledge of the past was so hazy." He argues that the constant revisions to historic data make it impossible to give precise forecasts of the future, adding: "We still do it, but hidden in the text is quite a lot of cynicism." And while there is no reason City economists should not seek to anticipate future trends in the economy, he feels that: "They dress it up in numbers to impress. What they are really saying is that something is going to be above-average, below-average or average."

So how much influence do these people have on London's financial markets, on interest rates, or the value of the pound?

Although the City has thrown up a handful of well-known economists who appear regularly in the media, no one has yet achieved the status accorded to Henry Kaufman in New York. Kaufman, the economist at Salomon Brothers, is regarded as a key influence on the American markets.

Gordon Pepper, now joint-senior partner at broker W. Greenwell, has perhaps come closest to such guru status in Britain. It was he who, early in the 1960s, saw the potential for economic analysis of the market in gilt-edged securities, or British Government bonds. By closely examining the trends in financial flows between different sectors of the economy, he could anticipate how the market might react. "That was fine when no one else understood. Making money was like falling off a log," he recalls.

As Greenwell's established itself as one of the major forces in the market, Pepper anticipated the emerging new fashion in economics—monetarism.

By the late 1970s, Greenwell's Monetary Bulletin was required reading in the gilt-edged market — it often moved prices — and was helping to shape the policies that would be adopted by Mrs Thatcher's first Government. Clearly, it was a period that Pepper, now 54, remembers fondly, although it had its problems. "In 1978, I was the guru of the gilt-edged market and our Monetary Bulletin was moving markets . . . I agonised with Henry Kaufman over how to cope if you are a guru."

The Extel survey has, however, passed the mantle of gilt-edged guru to Stephen Lewis at Phillips and Drew. Popular in the City and deceptively self-effacing, Lewis is among the most-quoted economists. This week he took over as head of the Phillips and Drew team when Neild assumed broader responsibilities. His soft-spoken approach belies the ruthlessness with which he dissects the Government's figures for spending and borrowing, and their implications for investors. It has nothing to do with politics; simply with making sure that the Treasury's arithmetic squares with its declared policy aims—that there are no fudges.

The Treasury itself has a curious relationship with the City's economists. In private conversations officials are fond of sniping at them, boasting that the Treasury's own forecasting record is immeasurably better, or sniggering when the City misinterprets policy. Yet, those same officials are aware of how essential it is to sell the official line to the financial markets. And despite their private jokes, they are careful readers of the circulars put out by the top brokers, and not infrequent visitors to City dining rooms where they can test attitudes to government policy.

One economist who has seen both sides of the picture is Gavyn Davies, of Simon and Coates. Although still only 34, he served as an economic adviser to the former Prime Minister, James Callaghan, for three years until 1979. Now, he has emerged as one of the most serious economists in the Square Mile, supplementing economic forecasts with innovative analysis of the implications of different policy options. He is an earnest man, and the Southampton football team seems the only thing that can occasionally drag him away from his economic equations.

However, as far as influencing government is concerned, he thinks the Treasury does not fully appreciate its own powers to manipulate opinion and points out: "They underestimate the extent to which they can influence the markets over the heads of the City's economists"—particularly as the ones who have emerged as the most influential are those most sympathetic to the present Government.

Conscious that he is one of the few members of the Labour Party with influence in the City, he insists that the economists' role is not to try to shape policy but to analyse its implications for the investors who depend on brokers for advice. That is a view shared by another of the leading young City economists, Roger Bootle, of Capel-Cure Myers who makes no secret of his political allegiance to the Alliance, but stresses: "I do my damnest not to let my political views intrude." Bootle believes that the City's (and his own) criticism of the Treasury over the past couple of years has not been about the general thrust of policy but about "fudging." Lawson, he says, has conducted policy in a much more eclectic way than his predecessor, Sir Geoffrey Howe.

Now 33 and a former academic at Oxford, Bootle says he moved to the City because "it seemed to me that's where everything was going on." At Oxford, economics "suffered terribly from not being in touch with the real world." One of the key attractions of his present job is being close to financial markets, with their combination of change, risk and upset. Besides which, when he left Oxford he did not appreciate the amounts of money to be made in stockbroking; he admits it would be difficult to take the sort of cut in salary that a move back to the academic world would entail.

If some economists suppress their political views when giving investment advice or forecasting the economic outlook, Paul Neild has a slightly bizarre approach. To ensure none of his work can be seen as tainted by any particular political allegiance, he simply does not vote because "it might blur my objectivity."

On the other hand, Tim Congdon, economist at broker L. Messel, says he supports the present Government, but has not allowed that to temper his criticism on occasions when the Treasury has not matched words with deeds. A passionate believer in the need to get inflation down to zero—not 5 per cent—and of the benefits of curbing public borrowing, he often seems to take Lawson's declared objectives more seriously than the Chancellor himself. Lawson, he says, had a "very dry" image when he first became Chancellor, but his subsequent approach undermined that.

Formerly a journalist on The Times and also only 34, Congdon outwardly is softly-spoken and timid. But he rails with an almost religious fervour against the interventionist, or Keynsian, economics that dominated policy-making during much of the post-war period. Much of this was "horribly corrupt," he says, and ignored the prime task of "keeping the value of money roughly constant from one year to the next." In the City, he is regarded as one of the influential outsiders in shaping the medium-term money supply and public borrowing targets introduced by the Government in 1980. He maintains close contacts with officials and says the Bank of England takes 18 copies of his weekly Gilt-Edged Monitor, with another half-dozen to the Treasury.

Unlike some others, he is not bashful about earning a lot of money (although, as in every other case, no precise figures were mentioned). The City's role, he says, is to ensure the efficient allocation of the nation's resources. The people in charge should expect to be paid well.

Next year, however, the economists will find the relatively small firms that now employ them (a typical broker has just a few dozen partners) absorbed by the major banks and financial services groups shaping the City's future. The leading brokers already have lucrative tie-ups with British or overseas groups that plan to take full control next spring when Stock Exchange rules permit. The share and gilt-edged markets will increasingly mirror those in New York, with traditional practices and demarcation lines removed in the interests of freer competition. The biggest of the U.S. investment banks also will be seeking a larger slice of the action.

Many of the top economists will receive handsome bonuses—coyly referred to as "golden handcuffs"—if they promise to stick with their new employers for the next few years. But if the six-figure sums they bank give them a sense of security, they will be moving into an altogether tougher world.

The shape of things to come can be seen in New York. There, economists often have clauses in their contracts specifying the number of times their names should appear in the financial press, or the number of times they are expected to be invited on to television shows. That has not yet happened here. But if you suddenly find the business pages of your favourite newspaper littered with the views of City economists, you will know why.

The Long View

Clambering out of the debt trap

The City became very excited about a recent discovery which, says Anthony Harris, is a rather basic piece of arithmetic begging most of the fundamental questions in economics and finance

A GOOD deal of excitement was stirred up in the City recently by the discovery of what became known as the "debt trap." This was in fact a rather basic piece of arithmetic: if the rate of interest paid by a government on its debts is higher than the annual growth rate of its revenues, that government must either devote some of its revenue to paying the interest or watch the debt grow faster than the revenue.

This is about as sophisticated as Mr Micawber's well-known analysis of income and expenditure, and a good deal less interesting; it begs most of the fundamental questions in economics and finance. It scarcely bothers to conceal its underlying assumption that government borowing is, by nature, a Bad Thing. However, there are times when government borrowing is like parliamentary government: the worst system you could imagine, apart from all the alternatives. This looks like one of those times.

What these worriers—who include the International Monetary Fund, which should above all others know better—is that the world is already deep in a debt trap—the trp in which we left it struggling, like Pearl White strapped to a railway line, at the end of last week's column.

The biggest part of the problem is not government debt at all, but private debt: U.S. farmers, who now collectively owe about half again as much as the whole British national debt; large parts of the oil industry, the zombies of the savings, banking and insurance world (still stumbling along but long since dead in terms of true solvency); and over-borrowed householders. Next, though more familiar, are the countries which have borrowed excessively overseas, in foreign currency.

Keeping this whole tottering structure from collapsing in a financial earthquake is the central problem of economic management in the 1980s. The good news is that we do seem to have learned quite a lot form our disastrous failure to solve a similar problem 50 years ago; stagflation is better than depression. The danger is that we may still not have learned enough.

What the world is engaged on is what bankers call a work-out—a process of keeping debtors afloat until they earn enough to make themselves sound again. Such a process can never be comfortable; but it becomes ridiculously painful, or indeed downright impossible, if the world economy is too depressed to afford opportunities for earning.

This is one reason why it is not just Puritanical but downright stupid to suggest that the remedy for past inflation is simple deflation. The second reason is another piece of basic arithmetic: since for every debtor, there is a creditor, it is actually impossible for debts to be paid off in total unless creditors are prepared to run off some of their claims—in other words, to spend some of their capital.

It is simply not possible for everyone to become more thrifty at the same time, any more than it is for all countries to run a current account surplus at the same time (another idiocy which the IMF used to be in danger of preaching). This is an illustration of what is perhaps the most profound truth about economic policy: what makes sense for the individual household or company does not make sense for the system as a whole. The world does not work like that.

It is not so easy to specify what *does* work, but for a start we can say that all solutions to the debt problem, short of bankrupcty or hyper-inflation, must contain one or more of the following elements: higher spending by creditors, or higher borrowing by the credit-worthy (whose spending will help the weaker ones work their way back to balance) or measures to cut the cost of borrowing.

The trouble with the first approch is that nearly all the net saving in the world is done by private citizens, together with a few stick-in-the-mud companies. Private citizens normally only start to run down their wealth after they retire; and so far it is only in the U.S. that the old are numerous enough and rich enough to make a big differenre.

Very well then: what about substituting debtors for weak ones? Again, private citizens can play a part; the boom in consumer borrowing, if not overdone, is helpful.

However, it would be almost as supine to leave the world's fate to the tides of consumer confidence as it would be to wait for people to grow old. That is why government borrowing, especially if it is done in ways which persuade companies to play their part by investing more, does have a vital part to play: national debt is not as painful as private bankruptcy, even though it implies a further work-out later.

So far this part of the solution has been left to the U.S. government alone, but its credibility and patience are wearing thin. Those who preach rectitude to the U.S. must help by being a bit more expansive themselves (as even the IMF explains). This burden-sharing would also tend to reduce pressure on interest rates; this would be further reduced if other governments follow the British example of financial diversification (indexed and floating borrowing and privatisation to relieve the fixed interest market). Finally, rates will come down if bankers are bullied or frightened into greater prudence.

In reasonable doses, then, "bad" news about government borrowing or banking problems means things are coming right. If there is too much 'good' news of fiscal prudence, or high confidence among bankers, run for cover.

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FINANCIAL TIMES

Saturday September 28 1985

Tikhonov succeeded by Gorbachev man

BY PATRICK COCKBURN IN MOSCOW AND DAVID BUCHAN IN LONDON

MR NIKOLAI RYZHKOV, a 55-year-old technocrat of the Gorbachev mould and generation, yesterday became Prime Minister of the Soviet Union on the resignation of 80-year-old Mr Nikolai Tikhonov.

The move marks the further consolidation of the power of Mr Mikhail Gorbachev, who now has his men controlling both the party politburo and the government. Mr Tikhonov's departure also signals the retirement of the last top representativa of the Brezhnev era.

Describing the formality of the change of premiership, the Tass news agency reported yesterday that Mr Tikhonov had presented his resignation to the Praesidium of the Supreme Soviet, saying that for health reasons he was stepping aside from the premiership and the ruling party politburo. The Praesidium, which formally chooses the government, then appointed Mr Ryzhkov, a former Siberian factory manager promoted to the politburo as recently as last April.

The departure of the increasingly frail-looking Mr Tikhonov had been expected sometime before next February's Communist Party Congress; indeed his resignation had been anticipated in Mr Gorbachev's two top reshuffles earlier this year.

Mr Tikhonov's departure from the politburo makes it easier for Mr Gorbachev to break with past economic policies.

Appointed by President Leonid Brezhnev in 1980, after the death of Mr Alexi Kosygin, Mr Tikhonov's commitment to change in the running of the economy was never enthusiastic.

Mr Ryzhkov was considered a clear front-runner for the job of prime minister which, while not itself holding the power of such a post in parliamentary democraciea, calla for considerable administrative skills and energies co-ordinating 80 government ministries.

Although he joined the Communist party in 1956, Mr Ryzhkov is one of the few to make it to the top rungs of the Soviet system without having held a full-time regional party post. His grounding is technical, not ideological or political, and this is probably a major attraction for the technocratically-minded Gorbachev. Starting as a smelting foreman at the Uralmashzavod factory at Sverdlovsk, a key centre of the Soviat military-industrial complex, he rose to become director of the Uralmash production association. In 1975 he switched to government work.

Like so many who have risen under Mr Gorbachev, Mr Ryzhkov was first brought to national prominence by the late President Andropov, who moved him from first deputy head of Gosplan, the state planning agency, to be head of the central committee economics department.

Mr Gorbachev has laid out plans for sweeping changes in economic management to improve efficiency and reduce the waste associated with the long Brezhnev period. Mr Ryzhkov will clearly have a prime role in carrying out whatever specific reforms the Gorbachev resolve includes.

Mr Gorbachev's own background is in agriculture, and the only men in the top leadership to touch Mr Ryzhkov's direct knowledge of industrial matters are Mr Vitali Vorotnikov, a more senior full politburo member whose passing-over for tha premiership caused *some surprise* in Moscow, and Mr Vladimir Dolgikh.

Midland relieves Crocker of loans

By David Lascelles

MIDLAND BANK is transferring about \$3.6bn (£2.6bn) of loans out of Crocker National Bank, its troubled California subsidiary.

The bulk, \$3.1bn, are foreign loans which are being taken into Midland's international division in London as part of its strategy to scale down Crocker into a domestic U.S. bank, and centralise Midland's overseas business.

The remaining \$500m consists of problem domestic loans, mainly in the real estate sector, on which Crocker is receiving no interest. These loans, which have been a large cause behind the huge losses Crocker suffered last year, are being placed in a new subsidiary and will be managed separately.

The international loans being brought into the Midland include Crocker's substantial \$2.2bn exposure to countries with debt problems, natably Brazil, Mexico and Argentina.

The total price at which the loans are being transferred amounts to \$50m below their book value. Since the domestic loans have already been written down, this discount reflects the lower value at which the international loans are being traded, and is partly for tax purposes. A price was agreed after an independent valuation of the loans by Shearson Lehman Brothers, Wall Street investment bank.

Since all the transfer will take place within the group, they will not affect Midland as a whole. They will leave Crocker with a smaller and less troublesome loan book, and improve its capital ratios.

Funding for the transferred loans has already been arranged by Midland.

Centralising the Midland Group's international lending will also reduce duplication, and enable it to speak with a single voice in renegotiating the Latin countries' debts.

Under the plan announced in August to integrate Crocker more tightly into the Midland Group, it was decided that Crocker would retain an international business only to provide trade credit for its U.S. customers, and continue long-standing correspondent banking relationships.

Industrial action threat, Page 6

Gold Fields in talks on £100m buy-out of its U.S. businesses

BY STEFAN WAGSTYL

CONSOLIDATED Gold Fields, mining and building materials group, is negotiating a £100m-plus management buy-out for its U.S. industrial interests, which were put up for sale earlier this year.

A group headed by Mr Richard Secrist, president and chief executive of Gold Fields American Industries, wants to buy the businesses, which include a scrap dealer, a steel mini-mill and Skytop Brewster, an oil rig equipment maker.

Gold Fields American Corportation (Amcon), the group's U.S. holding company in New York, said it had suspended talks with all other potential purchasers while negotiating with Mr Secrist. Gold Fields declined to say how close the sale was to completion, but it is confident that it can meet its aim of selling GFAI by Christmas.

Gold Fields refused to comment on reports that it would help to finance the buy-out by taking paper instead of cash for part of the payment.

A sale would mark the end of the group's ambitions to diversify out of mining and building materials into a range of industrial activities in the U.S. This strategy went wrong in 1983 after *Skytop Brewster* ran into losses from which it has still not recovered.

Managers of several GFAI companies have discussed separate buy-out plans since Gold Fields put the businesses up for sale in April. The group headed by Mr Secrist has been put together only this month.

Its emergence has annoyed at least one other would-be buyer—Mr David Lloyd-Jacob, former chairman of Amcon, who resigned in 1983. As the driving force behind Gold Fields' U.S. expansion, Mr Lloyd-Jacob was responsible for buying for the group many of the companies he is hoping to acquire for his private consortium.

Mr Lloyd-Jacob yesterday accused *Mr Secrist of facing* "a terrible conflict of interest" over the sale because he had first negotiated with potential purchasers on behalf of Gold Fields only to appear later as a buyer himself. Amcon declined to comment.

Mr Lloyd-Jacob said he was willing to renew his \$100m bid for seven of the nine GFAI companies and was ready to buy all nine if necessary.

In the year to June 1985, the industrial businesses, excluding Skytop, contributed profits of about \$10m (£7.1m) before tax and interest to the group's pre-tax total of £114.9m. Skytop made an undisclosed loss.

Journalists and print unions in new technology agreement

BY HELEN HAGUE, LABOUR STAFF

LEADERS OF THE National Union of Journalits and the National Graphical Association, the craft print union, have reached agreement on the introduction of new technology in provincial newspapers.

The deal, which is subject to endorsement by the unions' national executives next week, is likely to avert further inter-union skirmishes over the introduction of direct inputting by journalists—the use of computers to bypass the traditional typesetting process.

The unions have agreed to accept direct input only when both of them have reached agreement jointly with the employer.

Leaders of the unions heralded the agreement as bringing in a new era in provincial newspapers, but indicated it could not be applied to national papers.

Mr Harry Conroy, NUJ general secretary, said it would make it easier for managements to negotiate new technology deals. Mr Tony Dubbins, NGA general secretary, hailed it as the first new technology agreement between unions which would make it possible for both unions' members to share the benefits of new technology.

The agreement comes after six months of often fraught negotiations.

NGA members who become sub-editors or reporters will keep their NGA membership but also become members of the NUJ, the union which will represent them for bargaining purposes. They will not pay subscriptions to the NUJ, but will continue to pay them direct to the craft union.

Journalists will be able to input copy they originate without the need for re-keying by NGA compositors.

Journalists will not use visual display terminals to plan or lay out pages — tasks which will continue to be done on paper. NGA members will input copy contributed from outside.

The deal is intended to be applied retrospectively to newspapers where there have been disputes, or where agreements have been signed. These include the Express and Star at Wolverhampton and the Portsmouth News.

Philip Morris Continued from Page 1

New York stock markets for the day.

However, Jefferies, the securities firm which trades stocks off the exchangetrading floors, remained open for business, and traded about 1m general foods shares, quoting a price of \$117.

Last deals on the NYSE on Thursday saw the stock at \$110¼, up \$28 on the week, after topping the list of active stocks on several days.

The bid excitement surrounding General Foods has started speculation regarding other possible takeover bids for U.S. food companies several of which have been struggling to maintain earnings momentum in a competitive industry.

Among the favoured targets has been Beatrice companies, which recently replaced its chairman and continues to battle to rejuvenate its profit record. Quaker Oats, another food company with a slightly old-fashioned sound to Wall Street, has also been in the market's eye.

Moscow outlines arms initiative

By Reginald Dale in Washington

THE SOVIET UNION yesterday gave President Ronald Reagan a "general outline" of its long-awaited new arms control initiative, reflecting a welcome change in Moscow's position, Mr George Shultz, the U.S. Secretary of State, said last night.

Mr Shultz would not reveal the substance of the Soviet proposals and said that the U.S. would be better placed to evaluate them after they are formally tabled at the Geneva arms talks next week. Moscow had requested a two-day plenary session in Geneva to explain the proposals, he said.

The general thrust of the new Soviet thinking was conveyed to Mr Reagan by Mr Eduard Shevardnadze, the Soviet Foreign Minister, during two hours of talks and a working lunch at the White House. Mr Shevardnadze brought with him a lengthy letter from Mr Mikhail Gorbachev, the Soviet leader, explaining Mr Gorbachev's hopes for his summit meeting with Mr Reagan in Geneva in mid-November, Mr Shultz said.

Mr Shultz repeatedly insisted that the best way to make progress in the arms talks was to keep details of the Soviet proposals secret. But while reserving final judgment, he suggested that there could now be "a basis for negotiation"

Mr Reagan remained totally committed to his Star Wars space defence programme, and had said as much to Mr Shevardnadze, Mr Shultz indicated. Moscow has hitherto insisted that Mr Reagan must agree to drop the programme, or at least limit it to laboratory research, if there are to be serious arms control negotiations.

The Soviet proposal would still be conditional on Mr Reagan agreeing to Star Wars restraints, according to versions leaked by Soviet officials during the past week. It reportedly calls for a 40 per cent cut in both super powers' strategic offensive arsenals, with sub-limits for different kinds of weapons.

One version is that single categories of weapons, such as land-based intercontinental ballistic missiles, should be limited to 60 per cent of the total. U.S. officials, however, have said that it will be essential to analyse the precise details of the Soviet proposals.

Mr Shultz said yesterday that it remained to be seen how "productive" the November summit would be. The U.S. had not yet been able to make a complete study of Mr Gorbachev's letter, not least because it was in Russian, he said.

He regarded it, however, as a welcome development that the Moscow leadership had changed its position. Moscow's *move* called for efforts on both sides to press ahead with the arms reductions negotiations, he said.

In a brief exchange with reporters, Mr Reagan expressed himself "satisfied" with yesterday's talks, *his first meeting* with Mr Shevardnadze.

Akali Dal Party to form Punjab Government

INDIA'S TROUBLED northern state of Punjab will enter a new era tomorrow when the moderate Sikh Akali Dal Party forms a government for the first time with an absolute majority, after an unexpected landslide victory in state assembly elections.

Mr Surjit Singh Barnala, a little known Sikh politician was yesterday unanimously elected leader of the Akali Dal in the assembly and will be sworn in as the chief minister of the state tomorrow.

He came to prominence when he was elected acting vice-president of the party after the assassination two months ago of Sant Harchand Singh Longowal, the Sikh religious and political leader who signed the accord in July on the Punjab's problems with Mr Rajiv Gandhi, the Indian Prime Minister.

Feature, Page 9

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Assoc. Brit. Ports	346	+	16
Beejam	185	+	8
BP	540	+	13
B.H. Property	358	+	20
Burmah Oil	295	+	11
Elders IXL	168	+	16
Good Relations	150	+	15
ICI	649	+	17
Imperial Group	198	+	5
Insight	154	+	16
Ladbroke	283	+	8
Lorlin Elects.	138	+	7
Marler Estates	160	+	18
Owen Owen	460	+	20
Pilkington Bros.	255	+	7
Polly Peck Intl.	233	+	8
Shell Transport	677	+	17
Spear & Jackson	168	+	6
Tricentrol	190	+	8
Vickers	291	−	17
Wordplex	118	+	13
FALLS			
Amersham Intl.	295	−	20
Assoc. Energy	38	−	14
Centreway Trust	15	−	4
Checkpoint Europe	80	−	10
Exco Intl.	188	−	9
InfraRed	78	−	12
Just Rubber	57	−	7
Securiguard	100	−	45
Stewart Wrightson	665	−	20

Continued from Page 1

Pound falls sharply

tinental currencies haa been pressed strongly by the Confederation of British Industry in recent months. The CBI has also campaigned for Britain to become a full member of the EMS, although it would want to join at a substantially lower exchange rata than at present.

The Government's official position remains that it wants Britain to become a full EMS member at the appropriate time and that the matter is *kept continuously under* review.

The last time the subject came to the top of ministers' agendas was in February after the Treasury had explicitly switched its focus away from targets for the domestic money supply on to the exchange rate.

It was decided then not to join, but the decision is said to have been very finely balanced. The main argument then was that a correction of the dollar's overvaluation might create ripples of disturbance between the D-mark and the pound.

Since then Mr Nigel Lawson, the Chancellor, has stressed the political arguments for full membership, although he has said that the time was not yet *right*.

Although there was little evidence yesterday that any decision was imminent, there are indications that the issue may once again be under the political spotlight.

WORLDWIDE WEATHER

UK today: Scotland: cloudy, occasional rain. N England: cloudy, sun later. Remaining areas: dry, hazy sunshine.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Corfu	S	28	82	Luxmbg.	S	20	68	Peking	C	19	66
Algiers	S	29	84	Dallas†	F	12	54	Madeira	S	25	77	Perth	S	22	72
Amsdm.	S	20	68	Dublin	S	19	66	Madrid	S	25	77	Prague	S	18	64
Athens	F	26	79	Dbrvnk.	S	25	77	Majorca	C	25	77	Reykjvk.	C	7	45
Bahrain	S	33	91	Ednbgh.	F	15	66	Malaga	S	27	81	Rhodes	F	28	82
Barclna.	F	23	73	Faro	S	28	82	Malta	S	27	81	Rio J'o		—	—
Beirut	S	29	84	Florence	S	29	84	M'chstr.	S	22	72	Rome	C	29	84
Belfast	S	20	68	Frankft.	S	21	70	Melbne.	R	11	52	Salzbrg.	S	21	70
Belgrd.	S	19	66	Geneva	S	21	70	Mx. C.		—	—	S F'cisco†	C	17	63
Berlin	S	18	64	Gibraltar	S	25	77	Miami†	S	24	75	Singapr.	F	31	88
Biarritz	S	28	82	Glasgow	C	19	64	Milan	S	25	77	S'tiago		—	—
Bmghm.	S	21	70	G'rnsey	S	21	70	Montrl.†	R	16	61	Stckhm.	F	11	52
Blackpl.	S	21	70	Helsinki	C	8	46	Moscow	F	7	45	Strasbg.	S	22	72
Bombay	S	33	91	H. Kong	S	30	86	Munich	S	20	68	Sydney	F	17	63
Bordx.	S	28	82	Innsbrk.	S	22	72	Nairobi	F	26	79	Tangier	S	30	86
Boulgn.	S	19	66	Inverns.	C	12	54	Naples	S	29	84	Tel Aviv	S	29	84
Bristol	S	21	70	I.o. Man	S	16	61	Nassau		—	—	Tenerife		—	—
Brussels	S	20	68	Istanbul	S	20	68	Nwcstl.	F	20	68	Tokyo	C	20	68
Budpst.	S	[illegible]	81	Jersey	S	23	73	N Delhi	S	33	91	Toronto†	C	12	54
Cairo	F	[illegible]	68	Jo'burg	S	23	73	N York†	C	24	75	Tunis	S	29	84
Cardiff		—	—	L. Plms.	S	25	77	Nice	S	27	81	Valencia	R	19	66
Cape T.	S	22	72	Lisbon	S	26	79	Nicosia	S	28	82	Venice	S	23	73
Chicg.†	F	4	39	Locarno	S	22	72	Oporto	S	25	77	Vienna	S	19	66
Cologne	S	21	70	London	S	20	68	Oslo	S	12	54	Warsaw	C	13	55
Cpnhgn.	F	14	57	L. Ang.†	C	19	66	Paris	S	23	73	Zurich	S	19	66

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

Continued from Page 1

Mexico loans

dent of the Canacintra confederation of industrial employers, called for one year of interest payments to be written off. This would release \$12bn to \$13bn.

Before the earthquake, Mexican officials had warned that this burden was excessive. "We think that — in this next phase of the debt problem, in the coming round of this 15-round battle — we will have to deal with mechanisms that will tend to alleviate the interest rate burden," said Sr Mireles.

A scheme favoured by Mexico would be one in which new bank loans automatically become available when interest payments due in a certain period rise above a given proportion of export earnings in that period.

THE LEX COLUMN

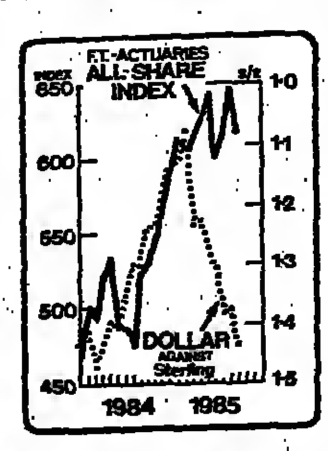
Small change in the markets

If the New York summit has yet to achieve a realignment of world currencies—still less of domestic fiscal policies around the world—its initial shock effect has been impressive. Though the approaching hurricane put the New York markets out of action yesterday, when central bank determination to break the dollar might otharwise have been put to its first real test, there is no doubt that speculators are now thinking twice, before deciding whether to open new long dollar positions.

The effect of the summit was also felt in London, where a return of the rumour that Britain is about to ambrace the EMS made a nine-minutes' wonder in the gilt-edged market. As with the New York meetings, where the threat of intervention was itself a potent influence on the dollar, mere thoughts that the pound may at last be strait-jacketed at a lower level against other European currencies forced the markets to foreshadow something of the actual effect; sterling was appreciably weaker against the D-mark.

In a London equity market that climbed to its present levels on the back of sterling's weakness last year, but has since been given little support from currency, the EMS was speculative grist. Wall Street had larger matters to entertain it, before the shutters went up; not even impending natural disasters can still the ferment of take-over activity in the U.S. food industry at present. The agreed merger between Philip Morris and General Foods will have done no harm to food shares in general.

Index rose 10.5 to 989.6



Jardines

After the breast-beating and extraordinary charges that attended Jardine Matheson's 1984 results, it seemed for a moment that the worst was over. But Jardines would not have been true to its recent history without producing a little something extra; and yesterday's interim results, showing a rise in net income from HK\$56m to HK\$66m, brought a whack of provisions against oil and gas activities in the U.S., and the prospect of further writedowns on the shipping fleet.

No doubt it costs the present management of Jardines little to criticise its predecessor. But there is no doubt that the main investments of the early 1980s have proved a disaster, from Hongkong Land to oil and gas speculation in the U.S.—where revised assumptions of discounted cash-flow will require a HK\$130m charge this year.

Further, Jardines is having even greater difficulty in dumping its shipping fleet than implied by the HK\$554m provision in the last accounts; and even with some extraordinary gain from the sale of a London property, Jardine's net worth at the year-end will have shrunk a good third from its peak in 1981.

Curiously, Jardines' trading results from its newly-defined core businesses—notably financial services—were not at all bad and there was even some interest in London in the share, which climbed to over a pound. But the key remains Hongkong Land: even if Land resumes more than nominal dividend payments on the strength of Exchange Square Phase One for the 1986 year, it will be a long while before these justify Jardines' costs in carrying the stake. And a multiple of 1985 earnings in the '20s is still looking through the chances of Jardines' recovery unaided to the sale of the Land holding—or even the retirement of the Land cross-holding as well.

Elders IXL

Yesterday's preliminary statement was the best advertisement Elders IXL has so far produced in its putative bid for Allied-Lyons. Even allowing for the possibility of a little window-dressing, there was nothing the matter with a 54 per cent increase in pre-tax profit to A\$133.4m and a 40 per cent rise in earnings per share.

But the most impressive feature of the results was the transformation of the Elders balance sheet. Debt almost halved during the year to June and, at A\$605m, represented 86 per cent of shareholders' funds by the period-end. Capital raising and the substitution of trade for debt finance both made their contribution but Elders is evidently no slouch at generating cash from disposals and its basic business. The one puzzling element is that, despite the balance sheet improvement, the group's interest cover was almost unchanged at 1.7 times.

Elders has not been running Carlton long enough to establish its claim that it would run a brewing business better than Allied but the policy of widening gross margins through a reduction in the cost base and then ploughing the extra proceeds into marketing seems to be working for the time being.

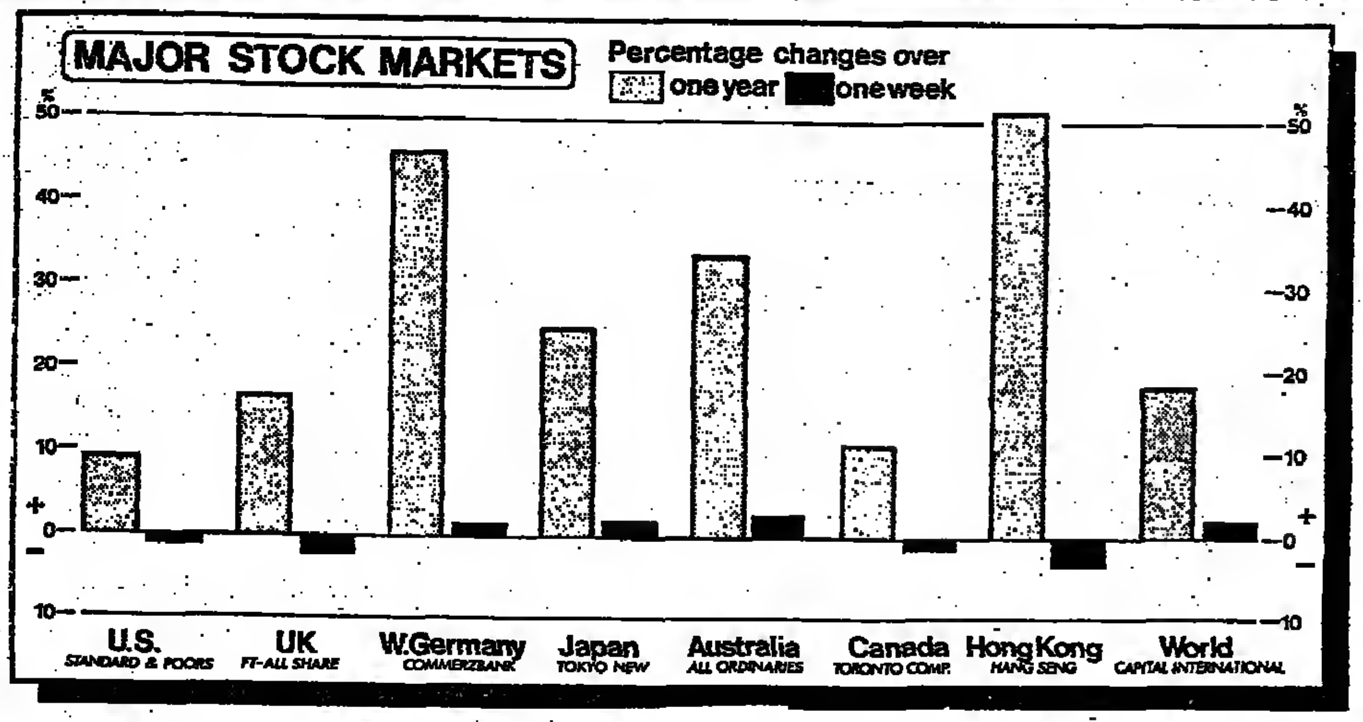
Much less satisfactory is the attitude that Elders has taken towards the timing of its bid. The six weeks originally allotted for finding consortium partners expires on October 17 and yesterday the group was studiously pushing the deadline back by four or five days. If Elders has, as it claims, already secured financial backing for an offer at 250p, there is no reason for the Takeover Panel to allow it a further grace period. The Australian company could always make an offer at that—admittedly unrealistic—level and unveil its higher consortium bid later.

United/Fleet

Kleinwort Benson's cheeky purchase of a 2.8 per cent holding in United Newspapers is the sort of transaction which a few years ago might have raised cries of foul in the merchant banking community. But takeover tactics have come a long way since then and yesterday the idea that the adviser to a defending company should buy shares in the offerer raised scarcely an eyebrow. Morgan Grenfell, United's adviser, put out a muted response and could hardly have done more without appearing to call the kettle black.

Kleinwort's intention is presumably to dump the holding as clumsily as it can at the worst possible moment for United. Since United will need to underwrite a higher cash alternative to stand a chance of winning Fleet, there are no prizes for guessing when Kleinwort might suddenly decide that United equity is overpriced and should be sold.

Fleet, which has so far defended itself with quaint old arguments about management and track records, is now playing United at its own game. Kleinwort may of course end up with a substantial loss on the transaction but then the mobilisation of risk capital is supposed to be what the new look City is all about.



Germany's mark of appreciation

THERE is nothing like a Group of Five meeting for baffling (among others) investors in the West German stock market. So it was this week after last Sunday's pronouncement by finance ministers aod ceotral bank governors from five leading Western countries.

How should investors react to the prospect of a weaker U.S. dollar (or to the "appreciation nf non-dollar currencias," as the Big Five diplomatically put it)? Should they groan with anguish, jump for joy—or conclude that nothing much bas changed after all? The stock marketeers solved the dilemma nieely this week hy doing all three.

Monday and Tuesday were the days of aoguish, with export-orientated stocks like vehicles, chemicals and electricals hit worst as the dollar plunged (kicked on down by the central banks). The fear fs that a lower dollar, flagging U.S. growth end American protectionist measures (which President Ronald Reagan managed half to rule out aod half to rule in during his speech on Monday) will undercut the export boom on which Germany's economic upswing has heeo hased so far. Just how crucial that hoom has heen was underlined hy the Thursday trade figures, showing Germany's visible surplus in the first eight months up to DM 42bn from DM 27bn in the same period of last year.

Apart from all that, investors are suffering from the thin air aftar a year or more in which stock prices have climbed to new heights. It does oot take a lot to make the stock marketeers fear the peak has been reached at last, and—temporarily—the Group of Five meeting did just that.

But hy Wedoesday the mood had changed and the Commerzbank iodex resumed its surge upwards—by a sharp 36.1 to 1,559.8. For one thing, investors concluded their pessimism had been overdone. Even if exports flagged a bit, domestic industrial orders seem to be picking up, a lower dollar could bring more scope for further cuts in German interest rates—and next year's planned DM 11bn income tax cut should help boost private consumer demand.

That more friendly analysis helped bring vehicle stocks like BMW and Daimler bouncing hack, and gave a further boost to the shares of the big department stores (which had weathered the start of the week notably well, in any case). Banking shares were among the big winners, too, not least because of interim results showing that BHF Bank ls in for a record year and might well increase its dividend. Much the same is expected from other credit institutes. Moreover, at a tima of renewed puhlic worries about the international deht crisis, investors are aware that the cumulative risk provision made hy the German banks is second to almost none.

Frankfurt

The renewed stock market surge was determined, above all, hy massive foreign buying—not just from other European countries hut also from overseas (including, it is rumoured, from Saodi Arabia). As the president of the Deutsche Buodeshank, Herr Karl Otto Poehl, has noted publicly twice in the past 10 days "there are not that many alternatives to the U.S. dollar." In other words, if the dollar is going to fall steadily and assuming (which is quite a big assumption) that U.S. interest rates dn not surge upwards, D-Mark denominated investment start to look still more attractive.

German interest rates might be low but so is inflation (just over 2 per cent at an annual rate); the economic worries are relatively smaller than those of most nther countries; and a centre-right government is in power (about whose fate in the January 1987 general election the markets bave not yet started to worry).

That implies that investors can fairly expect D-Mark appreciation and those who put their money into stocks can reasonably hope for higher prices too—at least, for a hit longer.

Foreign buying is far from a new development, though the days since the Group of Five meeting have brought an intensification of it. Bundesbank figures show that already in May-July this year foreigners invested a net DM 3.5hn in German shares, compared with DM 2.4bn in the three previous months. They also plunged no less than DM 10hn into German bonds (compared with the previous record DM 9.2bn in the last quarter of 1984).

After the exhausting aod dramatie swings of the first half-week, Thursday brought something close to a balance—with some profit-taking, softening of share prices almost all round, hut no collapse. It was at this moment (not a bad one) that Henkel, the chemicals concern, chose to give details of its first-ever public share issue.

A total of 1.5m non-voting preference shares will be available from October 2 at a price of DM 285 each—not excessive in view of Henkel's sharply improviog profits. It is also worth noting that of Henkel's DM 9.3hn turnover last year, DM 6.3bn came from abroad—but only DM 980m through exports from Germany. In other words, if the D-Mark does appreciate, Henkel is well-structured to resist the pressure.

Jonathan Carr

Stormy weather

AS HURRICANE Gloria hore down oo New York yesterday, many of the biggest investors decided to stay at home and wory about the future of their highly exposed weekend retreats on fashionable Long Island rather than their share portfolios.

Martin Krouner, head of equity block trading at L. F. Rothschild Unterberg Towbin, said yesterday morning: "There is a lot of uncertainty, anyway, and I think the burricane is a good reason oot to do anything." The New York Stock Exchange said it would open for husiness, but then thought better of it. The Federal Reserve Bank of New York, as one would expect of a ceotral bank, said it would operate as normal; but many New York companies closed their offices and the two biggest towers of the World Trade Centre, home of some of Wall Street's biggest investors, were shut. Hurricane Gloria's arrival was a fitting eod to a turbulent week in the financial markets.

The knee-perk reaction to last weekend'a plao by the iodustrialised countries to drive down the value of tha dollar was to send U.S. share prices soaring, but by the middle of the week investors were having second thoughts.

The Dow Jones Industrial Average jumped by 15 points in the first 15 mioutes of trading on Monday, but after that share prices drifted lower for much of the week. By Thursday evening the Dow was up nearly 23 points on the week; but the index was badly distorted by the huge rise in the shares of General Foods, which revealed mid-week that it had received an unsolicited takeover proposal.

Wall Street

Despite the rise in the Dow, the broader-based market indices were easier on the week; and the Nasdag Composite Index, which tracks the smaller capitalised stocks in the over-the-counter market, fell oo three of the four days. Indeed, for the first time in more than a year, it ls looking as if Wall Street share prices are going to end the quarter lower than wheo they started.

The Dow peaked in mid-July at 1359.54 aod the New York Stock Exchange Composite Index peaked at 113.49. Since then, the overall market has fallen by about 7.6 per eent; but ahead of last weekend's New York meeting, most analysts bad been expecting it to stage a rally. However, the top secret meeting came as a complete surprise to Wall Street and bas added a new variable to analysts' calculations of the stock market outlook.

On balance, a lower dollar should be good for U.S. share prices. It should eventually lead to higher profits for many of the companies operating in the heartland of the economy which have been bit hard by imports.

However, it will take some time for the effects to work througb to the bottom line. Since thedollar peaked early in March, it had already falleo hy around 15 per cent against majnr curreocies like the D mark and still more against sterling even before last weekend's package.

Nevertheless, the overall stock market is no higher now that it was early in March. After this week's central bank interveotioo, the dollar has lost another 5 per cent or so nf its value and short term interest rates have tumbled. The credit markets have concluded that the latest measures mean short term interest rates will not rise, but analysts are confused about the scope for further falls in rates generally.

At the longer end of the bond market, investors are becoming nervous about the inflationary implications of this week's measures and there has been a noticeable steepening of the yield curve. While investors are aware that U.S. monetary policy over the next six months will play a key role in determining the direction of share prices in the short term, they are focussing most attention on the miserable earnings outlook.

Over the next few weeks, U.S. companies will begin reporting their third-quarter results and, hy all accounts, they are going to be miserable. Inland Steel, the fourth biggest steel company, passed its dividend this week for the first time since the 1930s and forecast sharply higher third-quarter losses. Litton Industries' warning that its profits were likely to be "flat" in the present year sent its share price tumbling.

MONDAY	1,316.31	+18.37
TUESDAY	1,321.12	+ 4.81
WEDNESDAY	1,312.05	− 9.07
THURSDAY	1,320.79	+ 8.74

William Hall

Bucking the trend

"BEAT THE law nf supply and demand. Correncies altered to suit your requirements. Apply Group of Five, New York." Thus, a somewhat scurrilous summing-up of last weekend's agreemeot between finance ministers of the five major industrial nations which aims further to reduce the value of the U.S. dollar, head off protectiooist measures and correct imbalances in the world economy.

Sure enough, the dollar has fallen further against other currencies this week and it is a trend that will be watched with mixed feelings by the mining industry.

Metals are priced in dollars, and for a long time now the non-U.S. mines have been receiving much hetter prices for their output on conversion of dollars intn lower-value domestic currencies.

In fact, last year, Dr William James, chairman of Faleonhridge and president of the Mining Association of Canada, said that if the value of the Canadian dollar rose to that of the U.S. dollar, bis country's mining industry "would he virtually bankrupt."

In theory, a fall in the U.S. dollar should be accompanied by a corresponding rise in dollar prices of metals. This would help the hard-pressed U.S. mines had offset the effects of a less favourable exchange rate oo the others.

It has heeo happening this week, notably in the case of gold. Whether the trend of rising dollar prices will continue remains to he seen, because all things are not neatly equal in this imperfect world: with all due respect to the efforts of the Group of Five, I still believe that what really matters in the long run is the law of supply and demand — in metals and a great deal else.

Mining

Fortunes of Britain's Rio Tinto-Zinc Corporation, the international mining and industrial giant, are very much bound up with tbe swings and roundabouts of currency movements. It reported a satisfactory half-year result this week, with net profits 14.5 per cent up at £114.7m and a modest increase in the interim dividend at 7p.

Industrial activities contributed 43 per cent of the latest earnings; metals 30 per cent, and energy 27 per cent. The geographical spread was North America 34 per cent, UK 29 per cent, Australasia 21 per cent, Africa 12 per cent and others

Highlights of the interim result included the strong earnings of Australiao iron ore which, along with those of the other mining nperations there, also benefitted from a favourable exchange rate.

On the eoergy side, Australian coal and Namihian uranium did better, and there was the benefit of the 29.8 per cent stake in Enterprise Oil which was acquired in July last yeor.

A further improvement is expected for RTZ ln the present half-year. It could lift total 1985 earnings to around £245m, or 79p per share, and provide a 2p rise in ibe net dividend to 22p. This would put the shares on an earnings multiple of 7 and a dividend yield of just under 6 per cent.

Although metal prices are still in the doldrums, these numbers are quite acceptable fnr a broad-based group with good lnng-term growth potential. The share price has been dragged down this year hy RTZ's African connection although this amounts to only about 5 per cent of assets, 2 per cent being in South Africa.

Another major international venture is Minerals and Resources Corporatioo, (Minorco), the Bermuda-registered investment set-up nf Anglo American Corporation and De Beers. Minorco's career, however, has been a chequered one.

Announcing lower first-half earnings in March this year, the company warned that those for the full year to June 30 would show a "substantial reduction." This expectation was altered on June 18 to one of "hroadly comparable" earnings thanks to profits from a $402m sale of part of the holding in Phibro-Salomon.

Alas, Minorco was right the first time. The results fnr the year to June 30 issued this week show that net earnings have dropped to $104.6m from $217.1m.

The profit of $235m realised nn the Phihro-Salomon sale, it turns out, has been swallowed up by a $154m write-down of tbe investment in the Inspiration Resources mining arm, plus Minorco's share nf losses incurred hy companies in which it is Invested.

This painful writing-down coupled with the repayment of borrowings, should leave Minorco placed for a recovery in the present year. But while the shares bave fallen to a 1985 low, they yield harely 3 per cent and call for a good deal of faith on the part of patient holders.

Kenneth Marston

MARKETS

After the HoJo disaster, what next for Imperial?

EVEN BEFORE the meeting of the Group of Five finance ministers last weekend the equity market was twitchy about the impact of a rising pound against the dollar on corporate profits. The recent interim figures from BAT, where adverse currency movements cost its profits $116m, highlighted the problem.

So the decision to create an orderly fall in the value of the dollar makea the position that much worse and given the added confusion in the City over whether it was good or bad news for intereat rates, equities put up a remarkably resilient performance. Over the week the fall was less than 2 per cent.

Assuming for the moment that the outlook for interest rates bas not materially changed and that base rates can get down to 10 per cent by the year end, the immediate future for equities still looks poor. Currency movements will put earnings under pressure and many finance directors may feel obliged to reappraise the high rate of dividend growth that the market has become accustomed to.

Prices may well drift lower in coming weeks but even eo there could be a burst from the bull market in the final quarter as interest rates are seen to be coming down. After that the market may find itself short of reasons to kep the All-Sbare Index well above 600.

This week's brain teaser is how Imperial Group will use its new found financial freedom following the sale of its U.S. subsidiary. Howard Johnson. Twelve months ago the group posted a "For Sale" sign over the U.S. reetaurant and botel chain but not until Tuesday could it announce that a price had been agreed.

Marriott, a U.S. botels group, ie paying $314m (£219m) for HoJo, a business that Imps splasbed out $630m to buy in 1980. Even at the time of acquisition it looked an odd deal, desplte some soothing words about long term concepts, and with hindsight it must rate as one of the big disasters in the annals of corporate takeovers.

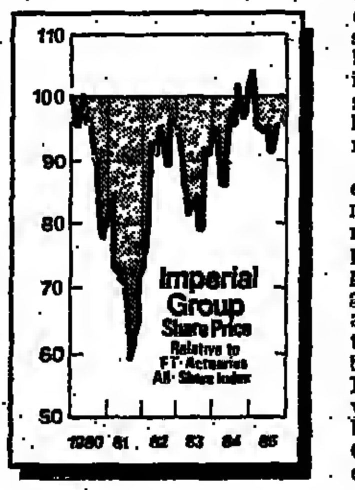
The price Imps has finally achieved for the sale of its achilles heel was e long way short of wbat the market had been expecting—outside projections had been around $400m to $450m—but there was an almost audible sigh of relief that the tobacco gronp had finally sold HoJo, even if the price looked poor. A loss-maker bas gone and though its departure takes £127m out of shareholders' funds, liquidity has improved by £210m.

The pro-forma balance sheets looks like it might carry gearing of no more than 10 per cent on an asset base of £1bn. Hence the City's immediate resction "Where will Imps jump next." Some suggest a regional brewer might be on the shopping list to complement its Courage brewery, though the chairman's own remarks that the group'e strengths are in fast moving packaged consumer goods aod services and thet he would like to see a greater proportion of international ectivity seem to leave the field wide open.

London

Yet tbe thought of Imps going out on the acquisition trail again in a big way is enough to ehake the nerve of many etrong men in the City. HoJo may have been a mistake of mind-boggling proportions but it is not the only error Imps' manegement has mede and understandebly investors fear a repeat performance.

The full year figures from Barratt Developments proved every bit as grim as the market had anticipated with pre-tax profits crashing down from



£35.6m to £4.1m after e £9m increase in interest charges to £21.7m. Only two years before Barratt had been riding high with profits of £52m. The good news for shareholders is that the dividend has been maintained at 7.62p a share, though paid out of reserves, for a yield of 10 per cent.

That Barratt is still yielding twice the market average, even though its shares have risen by more than 60 per cent from the year's low point of 6p, says everything about the way the market has viewed the company end the undonbted caution which remains. There is, however, some ground for optimism.

Gone is the razzle dazzle marketing and the lowest common deoominator bousing of high vnlume and cheap pricee which shot the group up the bousebuilding league. The aim is to get the first-time buyer conlent down to 40 per cent this year and 30 per cent next, compared to 70 per cent two years ago, putting greater empbasis on up-market houses euch as the "Premier" range.

Though the crucial factor is the financial position. Barrett attacked working capital requirements towards the end of the year, chopping £90m off the debt and reducing capital gearing to under 30 per cent. That ahould save about £10m in intereet charges while the restructuring of its UK business, elimineting 10 regional subsidiariee to reflect the lower volume prospects from here onwards, ahould create substantial overhead savings.

Profits might come ont around £25m this year, rising to perhaps £40m the year after though that has to remain a rather theoretical forecast. With sales running at over £½bn a year a slight nudge on margins bas a significant impact at the bottom line. Anyway, assuming that the cost of acquiring land in the south east for its Premier housee does not overload the balance sheet again (and Barratt may be thinking of a rights issue in the medium term) the shares will find supporters on both grounds of income and recovery.

The mail order sector has enjoyed an exceptional run recently. In the last three months Grattan's price has outperformed the market by 25 per cent while Freemans has gone one better with an advance of 29 per cent. Investors' enthusiasm was justified by the balf timo figures from Freemans and Grattan this week. Freemans' profits jumped by 30 per cent to £11.86m and Grattan's pre-tax figure almost doubled to £6.79m.

On current forecasts the prospective earnings multiples for both Freemans and Grattan come out around 12. In both cases an argument can be made for seeing aome improvement in the share price though it is difficult to see mail order ratings matching the rest of the retail sector.

The odd one out at the moment is Empire where the price stands around 18 times this year's likely earnings. But Empire is coming back from a low base and the price is rigbt, if not on this year's earnings then on next year's. Based on expectations for 1986-87, Empire's p/e drops down to 11, right in line with Freemans and Grattan.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
F.T. Ordinary Index	989.6	−12.6	1,024.5	911.0	Weakness of major exporters
F.T. Gold Mines Index	301.6	−9.0	536.9	280.1	Currency fluctuations
A.B. Electronic	363	+28	538	220	Annual results
Adwest	188	+10	188	148	Preliminary results due Monday
Allied-Lyons	295	+25	395	153	Imps may join Elders consortium
Argyll Group	323	−17	345	250	Profit-taking
Arlington Motor	225	+58	230	160	Agreed bid from Unigale
Assoc. Book Publishers	233	−30	280	186½	Disappointing interim results
British Aerospace	422	+17	422	295	Saudi military aircraft deal signed
Freemans	294	+22	294	162	Interim profits exceed expectations
Ibstock Johnsen	142	−12	166	128½	Interim results due October 7
Ind. Fin. and Inv. Corp.	128	−22	243	128	Warning on profit margins
Insight	154	+10	184	90	Agreed offer from Hawley Group
Logica	142	−28	323	248	Nervous offerings/results due Tuesday
Pilkington Bros.	255	−25	323	248	Broker's profits downgrading
Roberts Adlard	150	+23	150	93	Buying in restricted market
Somportex	125	+34	130	19	Asset injection hopes
Spear and Jackson	168	+26	172	130	Interim profits up 39 per cent
Thorn EMI	357	−15	484	300	Broker's profits downgrading
Wold	70	−25	115	65	Profits warning

A case of Colorgen prejudice

AMERICAN companies and start-up ventures coming to the USM have some explaining to do, for they must convince prospective investors that earlier bad experiences with both sorts of company are not about to be repeated.

Colorgen, which jolns the market on Monday, is faced with a doubly difficult task. As the first USM entrant that is both American and greenfield, it is confronted by a wall of sentiment set firmly against it.

The market's scepticism is not herd to understend. It is difficult enough to appraise the worth of most of the small, immature companies that join the USM. Those problems are compounded seriously when that company bas no track record whatsoever, or when it operates on tbe other side of tbe Atlantic in markets that may be quite alien to UK investors.

Colorgen is described by its founder and chairman, John O'Brien, as "small, fast, and with a game plan." That plan is to sell a machine that can match colours precisely, to industries ranging from cosmetics to textiles, dentistry, or even agriculture.

For instance, now on offer to investors is e product that has been fully researched and paid for, and is about to enter production. Called the DCM-1100, it has been developed over four years in close connection with its end users, paint retailers in the U.S.

Paint, says O'Brien, is "a pretty boring industry." The market is static and the 46,000 retailers can grow only by gaining market share. With the DCM-1100, not only can they promise customers paints that will be exactly the right colour first time round—they also can avoid costly wastage when the paint is returned because it does not quite match.

The product is said to bave no serioue competition. There is a more cumbersome machine used in laboratories that performs a similar task, but the DCM-1100 costs less than half (under $11,000) and can be used by a simpleton.

While Colorgen has yet to sell a single unit, it has letters of intent from customers willing to buy more than 500 this year and others next year. It has also signed a sales agreement with Continental Can, which will sell the machines through its national sales network on a commission basie.

USM

UNLISTED SECURITIES MARKET

All the prodnction is being carried out by sub-contractors, among whom there is no shortage of competitive quotations. The company already has agreed terms with suppliers that imply a gross margin of 55 per cent.

Having captured the paint market, the idea is to adapt the product—which is based on e bome computer equipped with proprietary software linked np to a spectopbotometer—so that it suits the needs of other, larger markets. At a dentists' conference in Chicago last week, there was a rapturous reception for O'Brien's plans to huild a mechine that will match the colour of a patients' teeth. There are other schemes that Colorgen is currently pursuing, including a colour matching device for car body shops.

"These markets are so obvious, bnt so far removed from engineering, that the opportunities have gone begging," O'Brien seys.

However, now that Colorgen has identified these "obvious" markets, surely others will follow with similar products? With great difficulty, is the view of O'Brien. First, Colorgen has a head start on its competitors of about two years. And, second, its products all are developed hand-in-hand with the end user, whereas, he says, the large U.S. competition ie "not sufficiently focused nn merchandising."

Perhaps Colorgen has got lt exactly right end by the end of the year will be selling far more than the 650 machines for which the directors conservatively are budgeting (with several other products about to be brought on-stream). Or perhaps it will not.

The problem for investors is thet there is scant eound basis on which to make the decision, and the £10m price tag which the 90p placing price attacbes to the company might also as well beve been choeen with a pin.

Capel Cure Myers, the sponsor, argues that because tbe first product is ready to be eold, this is not really venture capital. Indeed, the prospectus does not include the paragrapb headed "risk factors" that is usual for start-up companles because it was felt that such risks did not really apply to Colorgen.

While start-ups are not allowed to make profit forecasts, the indicated profit if the company sells 600 machines would be $1.7m; or $2.5m if it sells 800. There are enough "ifs" in these numbers as it is without plugging in estimated R&D costs and tax rates to arrive at a possible p/e ratio.

Perhaps the best that can be said is that if the company's plan works et all, then the shares probably are cheap; otherwise they are much too dear.

Lucy Kellaway

Minet in line for comeback

ANY MENTION of MINET HOLDINGS these days conjures up the spectre of the PCW affair. The threat that Minet might encounter some obligation to offeet the huge underwriting losses suffered by names helonging to Lloyd'e syndicates managed hy its Richard Beckett underwriting agencies has turned the group's underlying trading performance into something of a sidcshow.

The PCW affair has undoubtedly damaged Minet's reputation with a consequent effect on its income. Set against this, however, is the fact that the group is operating against a trading background more favourable than it has been for years, and the interim results for the period to June, due out on Wednesday, are likely to show profits well ahead.

A key factor affecting the first half performance will have been the strength of Minet's broking operations. Minet International Professional Indemnity in particular should have started to show benefits from eky high professional indemnity rates, although ehortage of capacity could constrain profits growth. Bowes Holdings, the U.S. surplus lines operation, is also likely to be well ahead.

Currency factors are a worry, particularly with the group's exposure in South Africa and Australia, but the net effect of shifts in exchange rates on the group as a whole should be small. Meanwhile the year-on-year profits comparison will benefit from the fact that the Lloyd's agency division will no longer be weighed down by Richard Beckett.

Overall, the market is expecting a rise of nearly 25 per cent in pre-tax profits from £12.86m to £16m. However, the ueual caveat remains that no one can ever be sure that there will not he another exceptional provision for bad debts or for the PCW affair.

Results due next week

TOOTAL, which announces its results for the half year to July on Wednesday, is handicapped by the fact that it hae to make up for the £1½m of profits on property sales included in last year'e pre-tax figure of £3.3m before it can even begin to show a profits growth.

The consensus is that it will succeed by a comfortable margin. A number of the UK busioesses are looking much healthier: clothing, for example, which last year managed to bring in a trading profit of only £2m on sales of £82m, is thought to have achieved more respectable margins. Meanwhile the attention given to the textiles and nonwovens divisions is expected to be showing through in increased profits.

North America could prove to be a weak point. Tootal is well on the way to revamping its thread interests there but it is too early to see the results coming through, especially in sterling terms. Other overseas divisions are thought to have performed well in local currency terms but some could suffer on translation.

Market forecasts of the pre-tax profit are in a narrow range around the £10m mark, a figure which should see Tootal well on the way to the year end £27m it predicted at the time of the Entrad bid.

The market for UK cement has been dreadful in the first balf of the year, and this will have upset profits at RUGBY PORTLAND CEMENT which reports interim profits on Monday. However, analysts do not egree on the extent of the damage, and forecasts range from £7.5m to about £10m, compared with £11m last year.

Weather conditions during the first four months may have reduced cement volumes by about 7 per cent, while profits, hit by the high costs brought about by the miners' strike, and with none of the benefit of the 5 per cent price rise introduced in June, are likely to be down by more.

Rugby's overseas operationa will have done better, although the improvement will bave been muted on translation into sterling. First half profits from the Australian subsidiary Cockburn, which were released last Friday, showed a 40 per cent increase in local currency terms, although the sterling contribution will be roughly unchanged at about £2.5m.

In the U.S., there will be a first full contribution from Addison Corp, a building materials wholesale, which may add about £1m to trading profits, while Rugby's associate companies are also expected to produce higher profits.

"Follow the dollar and you follow INCHCAPE." Is the straight forward enough rule that determines the market's view of this international trader's ehare price. So given that at the half way mark there were $1.31 to the pound as against $1.36 last year the outlook for the interim is therefore for a rise to £42m as against £36m in 1984.

In the first half, Hong Kong will have performed well as will the UK. But the overall situation of world trade is not bouyant. According to recent GATT figures the increase in global trade is likely to be 4 per cent this year — eluggish by comparison with 1984's 9 per cent rise.

In Malaysia and Thailand forecasts are for improvements. Tea prices came off in the second quarter and cannot be expected to have given much support to profits — in 1984 for the full year tea doubled its contribution to the group to £17.3m.

Other companies reporting next week include Group Lotus (interim) on Monday; Logica (final) and Kwik-Fit (Tyres and Exhausts) (interim) on Tuesday and S. R. Gent (final). Mitchell Cotts (final) and Empire Stores (Bradford) (interim) on Thursday.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Adwest Group	Monday	1.5	2.2	1.6
A and G Security Electronics	Monday	0.475	0.725	0.475
Amstrad Consumer Electronics	Wednesday	0.27	0.412	0.324
Arbuthnot Japan Growth Fund	Monday	—	—	—
Bailey, Ben Construction	Friday	0.8	1.0	0.25
Beckman, A.	Wednesday	1.85	3.78	1.95
Bristol Channel Ship Repairers	Friday	—	—	—
Control Securities	Monday	1.575	1.575	1.575
FII Group	Monday	1.75	4.0	2.0
Galliford	Thursday	0.7	3.3	1.0
Gent, S. R.	Thursday	1.0	2.0	1.0
Halstead, James Group	Friday	1.25	2.25	1.5
Home Farm Products	Thursday	1.15	2.1	1.15
HTV Group	Thursday	2.5	4.5	2.5
Logica	Tuesday	0.35	0.85	0.35
Marler Estates	Friday	—	2.0	—
Mitchell Cotts	Thursday	1.5	2.5	1.5
Murray Ventures	Wednesday	1.05	3.0	1.5
Renishaw	Wednesday	0.6	1.0	—
Save & Prosper Sterling Deposit Fund	Friday	—	0.25	—
Strong and Fisher	Tuesday	—	4.0	2.5
Throgmorton Secured Growth Trust	Wednesday	1.0	1.0	—
Ulster Television	Thursday	2.25	2.5	2.5
INTERIM DIVIDENDS				
Aman	Monday	1.0	1.7	
Anglo American Investment Trust	Thursday†	160.0	440.0	
Amcliffe Holdings	Monday	—	0.1	
Britton, Percy	Friday	3.9	8.8	
Sio-Isolate (Holdings)	Monday	—	—	
Brons Engineering	Monday	—	0.5	
B.S.G. International	Tuesday	0.35	0.65	
Charterhall	Monday	—	0.6	
Clifford's Dairies	Tuesday	2.2	4.2	
Dencora	Friday	—	—	
Downiebrae Holdings	Thursday	—	0.5	
Earlys of Witney	Monday	0.315	1.0	
Elbar Industrial	Tuesday	—	—	
Empire Stores (Bradford)	Thursday	0.5	2.0	
Finlay, James	Thursday	2.0	2.18	
Grampian Holdings	Thursday	1.5	3.5	
Greenbank Industrial Holdings	Thursday	0.8	1.3	
Crofund International	Thursday	—	18.0	
Group Lotus	Monday	—	—	
Hawdon-Stuart Plant	Thursday	0.525	1.0	
Holt, Joseph	Tuesday	3.0	11.0	
Home Counties Newspapers	Friday	2.25	4.75	
Inchcape	Monday	7.15	11.0	
Jacks, William	Monday	0.35	0.5	
Kwik-Fit (Tyres and Exhausts)	Tuesday	0.7843	0.9411	
Laing Properties	Tuesday	2.5	3.75	
Lamont Holdings	Monday	0.7	2.4	
Lilleshall Company	Wednesday	—	2.0	
London and Manchester Group	Thursday	5.81	14.0	
Lyle Shipping	Friday	—	—	
Martin, Albert Holdings	Wednesday	1.0	2.0	
Miles 33	Monday	—	2.75	
Minet Holdings	Wednesday	2.73	3.5	
M.Y. Dart	Tuesday	0.25	0.5	
Newman Industries	Thursday	—	—	
North British Canadian Investment Co.	Friday	1.9	4.3	
Nu-Swift Industries	Tuesday	—	1.9	
Octopus Publishing Group	Tuesday	3.6	7.2	
PLM AB	Monday‡	—	5.4	
Pritchard Services	Monday	1.1	2.7	
Reed, Austin	Thursday	1.0	3.5	
Riley Leisure	Tuesday	0.7	—	
Rugby Portland Cement	Monday	2.8	3.3	
Sandhurst Marketing	Monday	0.389	0.812	
Scanro Holdings	Thursday	—	0.7	
Scottish Television	Thursday	2.3	6.5	
Sparrow, G. W.	Friday	0.5	0.25	
Tootal Group	Wednesday	1.23	1.87	
Triefus	Tuesday	—	0.5	
T.R. Pacific Basin Investment Trust	Monday	0.5	0.5	
T and S Stores	Monday	—	1.575	
United Friendly Insurance	Monday	4.8	10.0	
Wills Group	Monday	2.5	5.5	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share. ‡ Kr per share gross.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (See notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.00	6.09	4.79	3.48	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	7.69	7.92	6.22	4.53	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.52	8.70	6.84	4.97	half yearly	1	2,500 minimum	7
Schroder Wagg	8.22	8.54	6.71	4.88	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	10.59	7.01	5.23	3.45	half yearly	4	—	0
11% Exchequer 1990	10.51	7.13	5.45	3.76	half yearly	4	—	0
10.25% Exchequer 1995	10.57	7.37	5.78	4.19	half yearly	4	—	0
3% Treasury 1987	8.07	7.00	6.46	5.93	half yearly	4	—	0
3% Treasury 1989	8.57	7.41	6.84	6.26	half yearly	4	—	0
Index-linked 1988¶	9.26	8.64	8.33	8.02	half yearly	3/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Adams & Gibbon¶	305§§	295	236	5.49	BSG Intl
Arlington Motor	234*	225	167††	10.30	Unigate
Capital TV	58§§	50††	50††	3.54	Crown Intl Prods
Cass Group	131	130	180	7.66	Telephone Rentals
Christie-Tyler¶	65*	64	49	6.25	Hillsdown Hldgs
Cole Group	200	224	184	6.01	Harlons Group
Fleet Hldgs	330‡§	353	345	222.81	Utd Newspapers
Friedland Doggart	320*	315	215	16.64	MK Electric
Insight Group	162§	154	138	12.16	Hawley Group
Maynards	400†	405	335	13.58	Ward White
Noble & Lund	30*	30	29	1.71	Galgey Tech Inds
Phillips Patents	55‡	58	54	2.23	Bremner
Saxon Oil	540*§	540	510	120.57	Enterprise Oil
Security Centres	125§	130	100	19.89	Automated Security
Sharpe (Charles)	570*	535	395	10.26	Booker McConnell
Somportex	28½*§	125	27	0.79	Messrs N. Wray & C. Mattock
Towngrade Secs	32½*§	35	37	1.67	Milbank Dev

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on September 27 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AB Elect Prod	June	4,030	(4,190)	13.4	(23.9)	8.0	(6.0)
Audiotronics Hlgs	Mar	1,250L	(108)L	—	(—)	—	(—)
Barratt Dev	June	4,100	(35,600)	0.7	(16.3)	7.62	(7.62)
Blanchards	June	565	(423)	—	(—)	—	(—)
Caskel, S.	June	911	(826)	5.6	(5.6)	2.2	(1.9)
Christy Hunt	June	119	(44)	4.3	(2.1)	—	(—)
City of Aber Land	June	2,340	(1,760)	78.7	(61.6)	18.0	(15.0)
Cont Microwave	June	708	(443)	20.3	(17.7)	4.0	(3.3)
Crowther, J.	Mar	463	(553)	7.3	(—)	—	(—)
Dowding & Mills	June	3,520	(2,610)	—	(—)	2.8	(2.45)
Gabicci	June	736	(553)	7.3	(—)	2.8	(—)
Goodhead Print	May	896	(641)	—	(—)	—	(—)
Invent Energy	May	8,890	(1,390)L	36.7	(—)	—	(—)
Kalamazoo	July	1,660	(1,690)	2.2	(2.1)	1.5	(—)
Kwabu Co	June	240	(142)	2.2	(2.1)	1.25	(1.38)
Mills & Allen Int	June	27,450	(20,210)	41.6	(32.1)	16.0	(14.0)
Morley, R. H.	Mar	161	(201)	23.0	(14.1)	1.5	(1.25)
Newe Intnl.	June	46,790	(40,700)	—	(—)	10.59	(8.44)
Parker Knoll	July	3,600	(3,204)	27.7	(27.2)	9.5	(9.0)
Pennine Res	Mar	424L	(573)L	—	(—)	—	(—)
Peters, Michael	June	885	(541)	8.7	(5.2)	2.8	(2.0)
Raine Ind	June	408	(615)	1.4	(2.2)	0.75	(0.75)
Ramar Textiles	May	751	(582)	5.3	(3.9)	1.65	(1.5)
Young, H.	July‡	449	(—)	—	(—)	3.15	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aberdeen Cons	June	1,450	(1,710)	2.3	(2.2)
Antofagasta	June	3,040	(2,730)	5.0	(5.0)
Aldcom Intnl	June	685	(601)	—	(—)
Amer Elec Comp	June	715	(—)	—	(—)
Ass Book Pub	June	2,150	(2,300)	2.1	(1.88)
Bank of Scotland	June	44,700	(35,600)	6.5	(6.07)
Beatson Clark	June	741	(298)	3.3	(3.3)
Berkeley Exp	June	1,730	(770)	—	(—)
Betec	June	476	(473)	0.5	(0.5)
Bluebird Toys	June	88	(19)	—	(—)
Blundell-Perm	June†	767L	(407)	—	(2.3)
Boase Massimi	June	1,480	(1,080)	1.5	(1.25)
Boddingtons Brw	June	4,720	(4,160)	1.33	(1.33)
Bristol Oil	June	1,440L	(1,370)	—	(—)
Brown & Jackson	June	312	(215)	—	(—)
Canning, W.	June	1,130	(1,110)	1.15	(1.1)
Central Ind TV	June	2,570	(2,820)	2.5	(2.5)
Clarke, Nickolls	June	212	(324)	2.1	(2.1)
Comb Eng Stores	July	3,190	(1,350)	2.45	(1.96)
Davenport Knit	June	343	(288)	—	(—)
DRG	June	15,700	(10,600)	3.3	(3.0)
Evered Hldgs	June	2,500	(1,090)	1.25	(0.7)
Falcon Ind	June	531	(660)	0.5	(1.0)
Finlay Pack	June	385	(529)	0.75	(0.75)
First Castle Elec	July	1,450	(1,100)	0.93	(0.55)
Freemans	Aug	11,860	(9,220)	2.3	(2.0)
Grattan	July	6,790	(3,460)	2.0	(1.0)
Hawtal Whiting	June	1,680	(788)	—	(—)
House of Fraser	June	13,850	(7,430)	—	(—)
Hunting Pet Serv	June	3,020	(1,430)	2.5	(2.25)
Juliana's Hldgs	June	582	(563)	1.25	(1.1)
Mac-Glenlivet	June	202	(336)	1.0	(1.0)
Manders	June	2,040	(2,010)	2.1	(2.0)
Marshall, T.	June	544	(356)	1.8	(1.2)
McLaughlin & Hrv	June	704	(583)	3.0	(2.0)
Menzies, John	Aug	4,200	(3,500)	1.35	(1.13)
Metalrax	June	1,550	(1,300)	0.7	(0.6)
Micro Bus Syst	June	859	(1,740)	0.5	(0.5)
Moss Bros	July	315	(217)	2.4	(2.2)
NEI	June	21,510	(27,790)	1.65	(1.65)
Newarthill	April	10,150	(12,320)	—	(—)
Newbold & Burtn	June	12	(39)	—	(—)
Pantherella	June	315	(232)	1.5	(1.3)
Petrocon	June	765	(721)	2.0	(1.75)
Phillips Pat	Sept	31	(177)L	—	(—)
Platignum	July	78	(3)	—	(—)
RMC	June	25,400	(31,700)	4.6	(4.4)
RTZ	June	114,700	(100,100)	7.0	(6.5)
Scott & Robertson	June	402	(556)	0.9	(0.9)
Shorrock	June	645	(560)	0.58	(—)
Sindall, W.	June	218	(281)	3.0	(3.0)
Spear & Jackson	June	1,020	(735)	2.5	(2.0)
Spring Ram	June	1,830	(1,290)	0.61	(0.55)
Stag Furniture	June	420	(361)	1.75	(1.75)
Steetley	June	16,520	(15,730)	5.0	(4.5)
Sumner, Francis	June	12	(167)L	—	(—)
Sunleigh Elec	June	94	(113)	—	(—)
Superdrug Stores	Aug	4,770	(3,660)	2.0	(1.7)
Tharsis	June	660	(439)	2.0	(2.0)
Thomson Org	June	6,600	(6,400)	—	(—)
Tilbury Group	June	1,040	(1,440)	1.5	(1.4)
Vickers	June	18,700	(13,800)	5.0	(4.0)
Watmoughs	June	874	(780)	1.7	(1.7)
Watts Blake	June	2,130	(2,030)	1.48	(1.38)
Westwood Dawes	June	62	(113)	—	(—)
Whatman Reeve	June	2,670	(2,200)	0.82	(0.68)
Wimpey, George	June	6,300	(6,100)	0.85	(0.85)
Wold	June	1,810L	(1,290)L	0.75	(—)

(Figures in parentheses are for the corresponding period)

* Dividends are shown net pence per share except where otherwise indicated. † Figures for eight months. ‡ Figures for 14 months. L Loss.

RIGHTS ISSUES

DRG—To raise £33.4m through a one-for-four rights issue at 165p.
Humberside Electronics—To raise £0.6m through a four-for-11 rights issue at 10p.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Colorgen—USM placing 2.2m shares at 90p.
CPM—USM placing of 2.3m shares at 125p.
Electronic Data Processing—USM placing of 1.9m shares at 78p.
Fairbriar—Offer for sale of 6m shares at 120p.
St Ives—Offer for sale by tender of 2.3m shares at a minimum price of 290p.

SCRIP ISSUES

J. E. Crowther—One-for-two.
City of Aberdeen Land Association—One-for-ten.
Dowding & Mills—One-for-one.

Platinum

Noble alternative to gold

THE LAUNCH on October 1 of a small-size (one-tenth ounce) Noble platinum coin could hardly have been better timed. First the troubles in South Africa and now the fall in the value of the dollar have re-awakened investor interest in precious metals after a long period in the doldrums.

Both gold and platinum world market prices (quoted in dollars) have risen sharply but the increase in the value of platinum has been much greater. Earlier this year it was trading about $50 an ounce cheaper than gold but the gap has narrowed significantly: indeed, at one stage this month it briefly moved to a premium.

The logic behind platinum's sudden surge in popularity is fairly simple. A much greater proportion (about 80 per cent) of the annual Western world production of platinum is concentrated in South Africa. The second biggest producer, way behind, is the Soviet Union which basically produces platinum as a by-product of palladium and is an erratic seller on world markets.

At the same time the surplus stocks of platinum available, should a disaster overtake the South African mines, are far less than those of gold. It is estimated platinum stocks account for between six to nine months of the world annual demand, while those of gold are equal to nearly 40 years' supply.

The huge difference is because platinum is primarily an industrial metal, the use of which industry has grown dramatically following the development of platinum-based catalysts in "clean" car exhausts.

In contrast the bulk of gold is used in jewellery or hoarded, so available stocks continue to build up year after year even though they may change hands.

World mine production of platinum at 2.8m oz is far less than gold output of about 40m oz annually and traditionally it has tended to be more expensive. In the precious metals "boom" in 1980, for example, platinum touched a peak of $1,000 an ounce while gold reached "only" $850. However in spite of its stronger fundamental supply/demand position, platinum has been at a discount to gold in recent years for most of the time. Dealers are at a loss to explain why. They claim that since the investment market for platinum is much more restricted, price movements tend to be more exaggerated on both the "downs" and the "ups." So when the market is as depressed as it has been, platinum suffers more than gold, but takes off faster during boom periods.

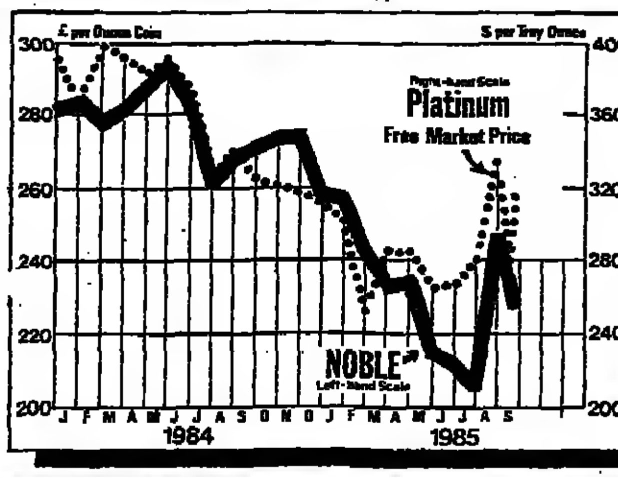
In fact investment interest in platinum as an alternative "store of wealth" to gold is a fairly recent phenomenon that became significant only after the 1979-80 boom. Although there has always been a sizeable slice of platinum going into jewellery, mainly in Japan, hoarding only really started to account for a noticeable share of the market from 1982. Since then, according to Johnson Matthey, hoarding demand has grown from 45m oz to 170m oz last year and is still rising.

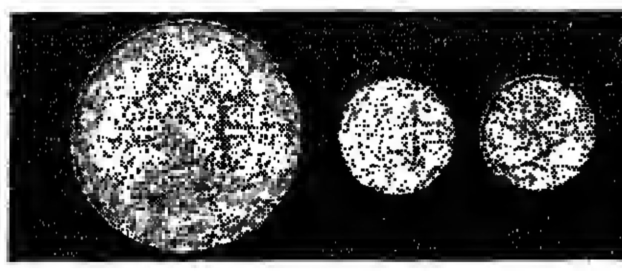
Rustenburg and Impala Platinum, the main South African producers, decided two years ago to try to expand the investment market. Rustenburg, through Johnson Matthey, its selling agent, launched a range of bars aimed at the investor.

There are eight different sizes available. The smallest is 5 grammes (0.161 oz) and the largest 10 oz. Prices vary according to the market movements, the size, and whether Value Added Tax is avoided by buying and storing them in tax havens such as the Channel Islands.

Unlike coins, however, the premiums above the market price charged for minting and marketing are on a fixed scale, with obviously much greater premiums for small sizes and the "gift packs" available for 5 oz and 10 oz bars. This means that when the market price is low the premium percentage is high, compared with coins, but conversely it drops as the market price rises.

The Noble coin, 1 oz version only, launched by Impala Platinum two years ago is closely modelled to rival the Kruggerrand and Mapleleaf gold coins and originally had much the same percentage premiums over the market price. This is about 3 per cent for dealers and 6 per cent for private buyers, with a cut to 4 per cent for purchases of 10 or more coins.




The 1 oz and 1-10th oz Platinum Noble

The new one-tenth ounce Noble, which is simultaneously being introduced in Europe and Japan, will have a much higher premium — a hefty 35 per cent above the market price — to meet the greatly increased minting and handling costs of smaller coins.

However investors will be offered the chance to buy nine of the smaller coins over 12 months that will then be changed for a single 1-ounce coin giving in effect a free one-tenth coin. For UK investors the offer is confined to purchases made via a special bank account in Jersey, opened free of charge, to avoid having to pay VAT twice. Impala hopes the smaller size coin will attract more investment interest in the UK where the imposition of Value Added Tax has hit coin sales. Paying VAT can be legally avoided by buying and keeping coins in tax havens, but one of the big attractions of coins to investors is that they can be held physically to store wealth and are easy to carry and sell anywhere.

Buyers of the Noble coin in the UK have not done at all well since they were launched. But Impala argues that they are essentially a long-term investment in a dollar based investment vehicle that provides protection against currency movements and inflation. It hopes that the smaller coin will tap a wider market of small investors, prepared to pay the extra price, to satisfy a basic hoarding instinct which in the past has often proved sounder than more sophisticated approaches to investment.

Details of the Noble coins can be obtained from Ayrton Metals, 30, Ely Place, London EC1 (01-404 0970). They are also on display at the Platinum Shop at 9, New Bond Street, London W1.

John Edwards

Consumer credit

Lenders want national register

THE days f instant credit for anyone an deveryone may soon be over. The Finance Houses Association, whose 42 members are major providers of consumer credit in Britain, has proposed that a national register be set up to collate detailed information on all such transactions. The FHA says this would lead to more "responsible" lending by enabling members to assess the status of each prospective borrower so that finance was advanced only to thoesh with potential to repay.

The FHA argues that such a register would reduce the level of consumer debt, which has risen significantly over the past five yeas; and it cites figures from its own members showing that accounts between two and three months in arrears have increased from 5 to 7 per cent of total business.

As a first step, the FHA now is setting up a payment profile scheme with one of the two existing credit reference agencies—the United Association for the Protection of Trade (UAPT)—to which FHA members already supply information. At present, agencies are given information only when a transaction is opened, and about any defaults. Other than that, they rely for data on the registers of county court judgments and electoral registers.

Under the payment profile scheme, which the UAPT hopes later to extend to include retailers and others granting credit, subscribers will provide monthly updates on outstanding balances and payment records.

The FHA sees a register as a long term objective. Meanwhile, it wants greater co-operation and exchanges of information between UAPT and the other major agency, CCN Systems, the Great Universal Stores subsidiary.

The FHA points out that the effective operation of a register also would need the participation of banks and building societies, both major suppliers of credit who are reluctant to reelase information on the ground of customer confidentiality. But the FHA argues that with the rapid expansion of consumer credit, and the accompanying rise in consumer debt, these lenders will come to recognise the value of a register.

The idea of a register has been welcomed in principle by the Office of Fair Trading (OFA)—which aleady is responsible for supervising the reference agencies as well as the Data Protection Registrar—and the Consumers Association, which says it welcomes any measure to encourage prudent lending. The National Consumers Council has yet to respond.

But the OFT stresses that operation of a register must comply with the 1976 Consumer Credit Act, under which people refused credit have the right to know if this resulted from reference to an agency. If so, they can demand to see their agecy file.

For consumers who have become used to getting more or less credit wherever they turn, such a register might make it harder to acquire. At present, a retailer, bank or finance house relies to a great extent on the information you supply when deciding whether to lend. Unlike the U.S., there is relatively little exchange of information between lending agencies so that it is quite easy to get new credit even if you are already over-extended.

With a national register, that risk would be lessened. Lenders also would be able to check if an applicant was impersonating someone else and so help to stop credit being extended to the "uncreditworthy or fraudulent customer."

Margaret Hughes

• FINANCE & THE FAMILY •

Money show

BRITAIN'S FIRST personal investment and finance exhibition will be opened at Olympia, London, on October 3 by Mr John Moore, Financial Secretary to the Treasury. Called Monex 85, it will run for four days.

The exhibition aims to provide a forum where people can meet financial specialists from widely different sectors.

Over 100 companies will be exhibiting and there will be free seminars in two lecture theatres daily covering 23 subjects. Among them will be the Radio 4 Money Box team, a house price debate and leading stock brokers on how to invest on the Stock Exchange. Tickets can be reserved on arrival at the exhibition.

Entry tickets cost £3 each. Opening hours are 11 am to 7.30 pm on Thursday to Saturday, and 11 am to 5 pm on Sunday.

●

LLOYDS BANK is joining the unit trust rush to West Germany. It will launch on October 12 a German growth unit trust that will invest on the German stock market in *companies of any size* and aim for capital growth. The management team will be the same as the directors who run the German smaller companies investment trust, which has attracted more than £12m in funds.

The initial price offer of units will be 50p, allowing for a first charge of 5 per cent and the minimum investment will be £500. However, you can avoid the £500 minimum by investing via Lloyds' regular savings scheme. For a minimum of £25, debited to a bank account, you can obtain accumulation units and build up a holding in this way.

●

ANOTHER Business Expansion Scheme fund, specialising in investing in information industry companies, is to be launched on October 1 by Hoare Govett, the London stockbrokers.

The fund, called Hoare Octagon Information Industries, is a follow-up to a similar fund introduced last year which raised £2m (just over half the amount sought). The new fund is slightly less ambitious in seeking £2m but reinforces Hoare Govett's view that there is good potential in investing in small, non-quoted companies in this fairly specialised field utilising the tax advantages offered by the Business Expansion Scheme.

Hoare Govett believe the "portfolio" approach reduces *the high risk involved in some* business expansion schemes. The first fund invested in 13 different companies out of 250 looked at. The fund appointed a director in almost every case and promoted links between the companies by organising regular meetings of an Octagon club.

A further five companies have been lined up for the second fund all in the information industry sector, ranging from telecommunications to advertising and computing. Subscriptions are a minimum of £2,000 and must be received before November 26.

●

BRITANNIA IS expanding its range of income funds by launching today its first trust with the capacity to invest in *stock markets worldwide*.

Launch price of the Britannia International High Income Trust is 50p a unit, giving a gross estimated starting yield of 6.5 per cent. Minimum investment is £500.

Broker offers banking service

PLENTY of banks are going into stockbroking but Phillips and Drew, the broker, has turned the tables by going into banking. Phillips and Drew Trust has just received a Bank of England licence to take deposits and is launching a banking-cum-broking service aimed at putting it ahead of an increasingly competitive field.

The licence will enable it to take deposits from its investment clients and place them directly in the banking market, rather than with another institution. This means it should get better rates, which it intends to pass to its clients.

It plans two types of account. One is the High Interest Call Account where rates will be linked to overnight rates in the money markets; this, however, is designed mainly for businesses and partnerships.

For personal customers, P and D Trust is offering the High Interest Cheque Account which is linked to money market rates up to seven days. Clients get a cheque book (minimum transaction £250) and earn interest on cleared balances of £1,000 or more.

The rate of interest will be adjusted daily in line with market fluctuations, and P and D Trust will take up to half a per cent for managing the funds. According to Peter Harrison, managing director, it might take less if it finds its rates become uncompetitive.

The account will be linked to *Share Service*, a *simple* execution service, which clients can call any time to buy or sell shares. Transactions will be done at the earliest opportunity at the best available price.

P and D's existing customers will get the same service as before, but will be *encouraged to* open an account with the trust to get high interest on their money, too.

Obviously, the big attraction of the cheque account is its convenience: clients do not have to worry about paying or receiving funds for their transactions, and the interest they get on surplus cash should be as good as any available up to the day of settlement.

On the other hand, Share Service is a bare bones broking service—no advice or research given—for which clients will be paying full commission rates (at least until the Big Bang next year, when fixed commissions are abolished, with a minimum £20 for purchase and £10 for a sale. Mr Harrison says some people do not want to get involved with brokers and the service is for those who make their own investment decisions.

Investors might get better value opening a full broking account with P and D, which takes on portfolios of as little as £5,000. Up to £25,000, it manages them on a discretionary basis; higher sums get an advisory service.

The High Interest Cheque Account looks like an attempt to emulate Merrill Lynch's successful Cash Management Account (CMA) in the U.S., although it is less comprehensive (Mr Harrison says he has not studied the CMA). It also resembles banking-cum-investment accounts launched in the UK by *Allied Dunbar* and Lloyds Bank, neither of which has been a spectacular success—possibly because the British do not go for bundled-up financial services. But P and D clearly is undaunted.

Peter Harrison of P and D

David Lascelles

Interest rates

Savers' returns get even better

CONTINUING competition for savers' funds is giving investors a wider choice and better returns.

This week two of the leading societies, the Halifax and the Leeds, have followed the lead of the other three top societies and improved the returns on their instant access accounts.

They have done so by introducing a tiering system whereby they pay more interest on larger deposits, but still allow investors *instant access to their funds*.

This week has also seen the launch of yet another high interest cheque book account—this time from a building society—the Midshires. This is a sector showing intense competition between banks and building societies.

Through a link with the Trustee Savings Bank, the Midshires Mastercheque account offers a combined current and high interest account. The customer has two accounts—a high interest account with the Midshires and a current account at the TSB.

It requires a minimum investment of £500 to open a Mastercheque account, whereupon £350 will be transferred automatically to open a current with the TSB. The full range of current account facilities are provided.

The amount of interest earned on the Midsires account will depend on the size of the balance. Deposits of less than £2,500 will earn an extra 0.75 percentage points above the ordinary share rate. Balances of between £2,500 and £9,999 earn a premium of 1.75 percentage points, rising to 2.5 percentage points on balances of £10,000 and over.

HIGH INTEREST CHEQUE ACCOUNT HOLDERS
By socio economic groups

	Percentage with banks	Percentage with building societies	As percentage adult pop.
AB	31	32	17
C1	27	30	22
C2	27	24	31
DE	15	13	29
By age			
Under 25	14	10	19
25-34	17	16	18
35-44	18	16	16
45-54	16	16	14
55-64	17	23	14
65+	19	19	19

At current rates the tiered returns will be 7.75 per cent, 8.75 per cent and 9.25 per cent net compounded annual rate (CAR). The Mastercheque account thus pays a higher rate on balances of over £10,000 than its most immediate competitor, the Alliance Banksave account.

For those investors who are mainly concerned with earning higher interest and are content with just a cheque book and perhaps one or two other facilities, there are other accounts which pay more.

Among the building societies, the most attractive accounts are the Abbey National's Cheque-Save on balances between £2,600 and £10,000, on which it has just increased the return to 9 per cent CAR, and Town & Country's Moneywise on balances of over £10,000, on which it pays 9.50 per cent net CAR rising to 9.80 per cent on balances of over £25,000.

Moneywise also offers overdraft facilities; Abbey National's Cheque-Save does not.

The Chelsea Building Society pays 9.80 per cent net CAR on balances of over £20,000, and 9.30 per cent on balances of between £2,500 and £19,999 in its Capital Shares account. But it offers fewer facilities.

The best return available on high interest cheque book accounts is offered by Citibank: its *Money Market Plus* account pays 10 per cent CAR.

Building societies have the biggest market share of high interest accounts. A recent National Opinion Poll financial research survey showed that about 28 per cent of building societies savers hold a high interest account, while 4 per cent of bank current account holders have one. This means that 15 per cent of the adult population hold a high interest account with a building society and 2 per cent hold one with a bank.

The market is expanding fast. Of these accounts, 24 per cent of the building society accounts and 30 per cent of the bank accounts were opened during the six months to the end of June.

The accompanying table shows that the high interest cheque book accounts are most popular with the younger age groups at the more affluent end of the social scale.

Competition is also being stepped up on other accounts. The Halifax and Leeds Permanent are falling in line with the other leading societies in offering higher returns on their instant access accounts.

The Halifax, which previously paid a flat rate of 8.75 per cent net CAR on its Instant Extra account, from October 1 will pay 9.0 per cent on balances of between £2,000 and £4,999, 9.25 per cent on balances of between £5,000 and £9,999, and 9.50 per cent on balances of over £10,000.

Leeds Permanent has gone one better: from the same date it will pay 9.0 per cent net CAR on balances of between £500 and £4,999; its other two tiers match the Halifax returns.

This means that of the 10 largest societies, the Leeds Permanent, Woolwich, and National Provincial offer the best return on balances of between £500 and £1,000. The Bradford and Bingley pays the same rate of 9.0 per cent on balances of over £1,000, while the Abbey National and Nationwide pays this on balances of between £2,000 and £5,000.

Cheltenham and Gloucester, which has consistently offered a better return than the larger societies, has reacted by improving its instant access Gold Account which will now pay 9 per cent on balances up to £5,000 and 9.5 per cent above this.

Northern Rock has also enhanced its Money Spinner Plus Account so that it will pay 9.05 per cent on balances of between £500 and £5,000, 9.30 per cent between £5,000 and £10,000, and 9.55 per cent over £10,000. Skipton has raised its rates to 9.35 per cent on balances between £500 and £5,000 and to 9.85 per cent above £5,000.

Margaret Hughes

National Insurance changes

October 6: a date to remember

IF YOU are an employee and, more particularly, if you or your company provides employment to others, your attention should be concentrated on October 6.

That day will mark the introduction of two important National Insurance changes: first, a reduction in the national insurance burden for employees earning less than £90 a week, and for employers in respect of employees earning less than £130 a week; second, the abolition of the "upper earnings limit" in respect of contributions by employers (but not employees).

The effect of the latter change is that instead of a maximum weekly contribution of £27.69 an employee (or equivalent monthly or annual figure) the employer will become liable to pay 10.45 per cent of the employee's total earnings, however large.

For lower paid employees not contracted out of the state pension scheme, contributions will be paid at the rates shown in the table on or after October 6.

For employees contracted out of the state scheme, the rates of contributions on earnings between £35 and £265 are reduced by 2.15 per cent and 4.1 per cent respectively. The employee's contribution cannot exceed £1.240 (contracted in) or £983 (contracted out), but the employer's contributions are unlimited.

The rates shown do not apply just to a particular slice of income: the rate, determined according to the band in which the earnings fall, applies to the whole of the earnings. This creates a series of "mini poverty traps," so that an increase in salary for a lower paid employee may be largely absorbed, or even exceeded, by additional national insurance contributions.

For example, an employee earning £89 a week would pay contributions of £6.23 at 7 per cent ("not contracted out" rate). At £90 a week he would pay £8.10, at a rate of 9 per cent. An increase in gross salary of £1 thus results in additional national insurance liability of £1.87 and, taking into account income tax at 30 per cent, the employee will be £2.17 worse off. Similar considerations apply to the employer's contributions.

The abolition of the upper earnings limit for employers' contributions may have a marked effect on employment costs. Thus, an employer will t the contributions to be paid in respect of an employee earning £25,000 a year will rise by 81 per cent while for a £50,000 employee the risa is 263 per cent.

A reordering of the employment package may, however, produce significant reductions in liability. In particular, benefits in kind currently incur no national insurance liability and their provision in place of cash remuneration provides the easiest means of reducing national insurance liability, whether by retaining an employee in a lower rate band (affecting both employee's and employer's contributions) or, more commonly, solely by its effect on the employer's contribution.

While non-cash benefits are not themselves subject to national insurance, the settlement by the employer of a debt incurred by the employee does give rise to a liability and therefore, care must be taken about the structure of the arrangements.

Subject to that, however, cars, accommodation, holidays, share incentive and discretionary trust payments may all be effective in reducing the overall liability. There may also be scope for savings where expatriate employees are concerned: secondment of an employee to the UK by an overseas parent company may be more effective than a transfer of his employment to its UK subsidiary. For UK employees working abroad, a separate contract with an overseas company may also be advantageous. Of course, for those who can become self employed or who can withdraw money from their company in the form of interest and dividends, the problem is avoided.

For employees other than directors, consideration should be given to accelerating payments such as bonuses and commissions so that they are made before October 6. This will enable advantage to be taken of the upper earnings limit on employers' contributions. This is of no advantage to directors whose earnings are subject to contributions on an annual basis.

With the abolition of the upper earnings limit of £13,780 a year half way through the year, employers' contributions are payable on directors' earnings up to that figure, and on half of the excess. The date of payment (ie, whether before or after October 6) is irrelevant.

There is, however, an advantage in paying before April 6 next year directors' remuneration which would otherwise be paid in 1986-87 as this will avoid half the employer's contributions, to the extent that the £13,780 upper limit is exceeded.

If the director is appointed on or after October 6 the employer's contributions must be paid on the whole of his earnings for the year.

For directors, the new lower rate bands apply to the earnings of the year as a whole. Full advantage can be taken of the reductions even if the payments were actually made before October 6.

A director whose appointment ceases before October 6, will be unaffected by the changes. In a limited number of cases, therefore, some advantage may be gained if a director retires a few months earlier than planned. If, however, he receives any salary, such as a deferred bonus, after October 6 his earnings period will extend to April 5 1986, and he will effectively be treated as having been in office throughout the year.

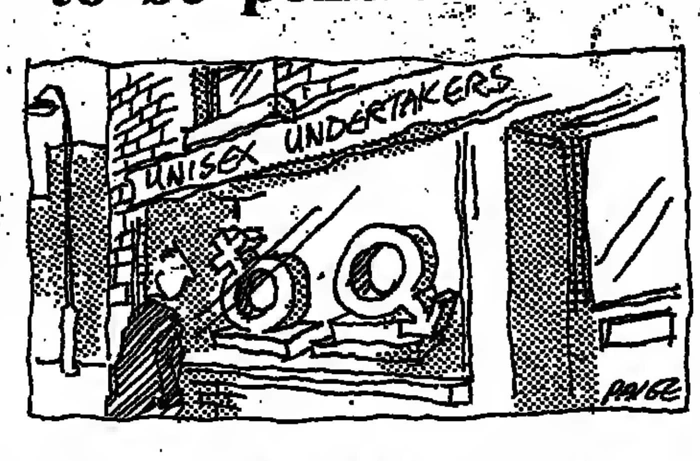
Malcolm Gammie

CONTRIBUTIONS OF LOWER-PAID EMPLOYEES

Weekly earnings	Employee %	Employer %
Less than £35.50	Nil	Nil
£35.00 - £54.99	5	5
£55.00 - £89.00	7	7
£90.00 - £129.99	9	9
£130.00 - £264.99	9	10.45
£265+	—	10.45

Retirement

EEC may force plan to be pensioned off



A FURTHER BLOW to the Green Paper on personal pensions was delivered by the Advocate General in the European Court of Justice last week when he gave his formal Opinion that public authorities in Britain, which require women to retire earlier than men, breached EEC directives. If the judges accept the Opinion, as seems likely, and rule in favour of Ms Helen Marshall who protested against being forced to retire before she was 65, the Government's planned Bill on social security could be struck down almost immediately by the Europaan Court.

The discrimination between men and women, with women able to draw their pension five years earlier than men, has been angrily opposed for many years not only by women's groups but by the unions, which want a uniform retirement age of 60. It is sanctioned, though, by British law, since the Sex Discrimination Act and the Equal Pay Acts specifically exclude "terms related to death or retirement."

Is it, however, allowed under European law? The Equal Opportunities Commission has helped in a series of cases in the European courts in the last few years.

Ms Helen Marshall was a dietician employed by an area health authority. When in 1978 she was asked to retire at 60, she protested, and was allowed to stay on to 62. She was then sacked, on the assumption that employment protection law does not apply to those over state retirement age.

She took her case to an industrial tribunal, where it was dismissed. It has since been working its way upwards to the European Court of Justice in Luxembourg, with the assistance of the Equal Opportunities Commission. The full judgement is likely to come before the end of the year.

The EEC's interest stems from Article 119 of the original Treaty of Rome which sets out the principle of equal pay for equal work. This was fleshed out in 1976 by a directive on equal pay. After pressure at that time from various governments, Britain's among them, it was announced that this was not intended to apply to pensions or social security maters, which would be covered separately.

The 1977 Directive on Social Security duly appeared, and means, for instance, that women can be treated as the "main breadwinner" for supplementary benefit purposes in some cases. Occupational pensions, however, were excluded at a late stage from the directive because they were seen as raising too many complex issues. It was promised that a further directive would deal with them but it took until 1983 for a draft to appear.

At first glance, this looked wide ranging. It required member states to bring in legislation preventing occupational schemes from discriminating, directly or indirectly, against men or women.

There would have to be equal treatment in access to schemes, benefits, retirement ages, refunds of contributions, and rights to deferred pensions or transfers of pension rights. The whole thing was almost negated, however, by Article 9, which said implementation could be delayed, as far as retirement age and survivors' bnefits—the two main areas of inequality—were concerned, until the state scheme itself came into line.

In spite of this, further progress on the directive is being blocked at the Council of Ministers. The British Government has been fighting it, egged on by the actuarial profession, which is afraid it might have to calculate "unisex" annuities: it argues that as women live longer than men they are more expensive to provide for on average.

The National Association of Pension Funds is also opposed. It says the real test should be whether there is "equity" in pension schemes rather than "equality." By equity it means that, on average, women can be expected to get as much financial benefit out of their pension scheme as men because the pension is paid for longer even though it is a smaller amount and does not have extra rights, such as a widow's pension, attached.

The alternative "equality" view, supported by the Occupational Pensions Board when it reported on equal status in 1976, is that schmes should provide identical treatment for men and women in identical circumstances.

The Economic and Social Committee of the European Commission came down firmly on the "equality" side but nonetheless the directive has made little progress implementation, originally scheduled for this year, has slipped badly. Current European cases, therefore, depend on existing directives.

Ms Marshall's case, narrowly interpreted, is only about compulsory retirement ages, not about pensions themselves. It also seems to cover only the public sector, where pensions are laid down by statute, and not by private employers.

However, European law has a habit of being extended gradually over a wider and wider sphere, once something has been accepted as coming within its scope. Ms Mashall's case was being taken in parallel, the committee points out, with two others about a Ms Roberts and a Mr Barber, who are complaining about their treatment under redundancy schemes, where early retirement pensions were calculated differently for men and women.

Sue Ward

Traded options

A sterling performance

THE DRAMATIC weakening of the dollar this week could have yielded substantial profits for small, private investors familiar with dealing in traded options.

Until recently private investors have found it almost impossible to participate in the foreign exchange market where the average trading "chip" among banks is $5m.

However, traded options, available in London only since earlier this year, allow investors the opportunity to speculate on changes in foreign exchange rates without putting up anything near these seums.

The announcement of last weekend's finance ministers' summit, called by the U.S. following concern about the strength of the dollar, provided just such an opportunity.

It was reasonable to assume that the dollar would fall after the meeting—but by how much and when no one knew.

Purchasing a "call" (buy) option in anticipation of stronger sterling, say over $1.40, therefore looked like a profitable speculation. In the event the market turned in a sprakling performance and investors buying call options on either the Stock Exchange or the London International Financial Futures Exchange more than doubled their money between Friday and Monday afternoon.

Here's how. On Friday, September 20 the exchange rate was around $1.36 per £1. Liffe's option to buy dollars at $1.45 before December cost just 1.50 cents per £1.

On Monday, September 23 the dollar weakened dramatically and was trading around $1.43. The option to buy at $1.45 was now worth 3.80-4.70 cents, depending upon the exact rate of exchange during the day. Even 4 cents, however, would have generated profits of 160 per cent over two trading days and a weekend.

Liffe sells options in blocks of 25,000 (the Stock Exchange contract is half that) so its minimum initial investment on these figures would have been $375 (25,000 x $0.0151 on Friday. By Monday that contract was selling for $1,000.

How much could the small investor have lost if the market had gone against him? In theory, the buyer of an option can lose the entire sum invested—the premium. In practice, this would not happen over the short term.

If the dollar had strengthened, say to $1.33, the option to buy at $1.45 would probably have been worth around 0.80-1.00 cents. The reason is that because it could be exercised any time before December it still retains "time value," that part of the premium which reflects the period over which the option is valid.

In the worst case the loss on an option is limited to the extent of the initial premium. This contrasts with futures, where investors can lose much more than their initial investment and may be faced with costly "margin calls." Yet the buyer of traded options still has the high gearing, on both price rises and falls.

There is considerable scope for investors in traded options where the underlying market is highly volatile. This sector is still in its infancy in the UK compared with the U.S. which trades several million option contracts each day. Between the two UK exchangea less than 15,000 traded options contracts are dealt each day.

The prospect of 100 per cent-plus profits in two days may help change that, however.

John H. Parry

Fund management

Charity can begin at a computer

THE professionalism of fund management in the UK has changed out of all recognition in the past decade, and is likely to change even more with the increase in new technology.

One particular aspect has been the growing use of performance measurement to check the progress of a fund, the ability of its managers, and the success (or otherwise) of investment strategies.

Such measurement has become highly sophisticated for pension funds, while investment trusts and even unit trusts have progressed in this field. But, until recently, charities appeared to have heeo bypassed.

However, WM Compoter Services, the largest of the companies offering this kind of service, this year started ooe for charities and it has recently published the findings for those that used the service to measure their 1984 performsnces.

The sample covered is comparatively small, consisting of 29 charities with total assets of more than £700m. It showed a total average return of 21.1 per cent, with an average yield of 5.6 per cent, leaving e capital gaio cootribotion of 15.5 per cent.

It is interesting to compare this with the performance of UK pension funds which, in the WM survey for 1984, showed an average return of 19.9 per cent.

The average charity fund had just under half its portfolio in UK equities, with a return of 31.1 per cent. Overseas equities accounted for just over 20 per cent, and fixed interest securities slightly more.

Performance measurement of charity funds is complicated by the fact that several new dimensions are involved in any analysis.

Investment trusts and unit trusts generally have a common investment approach, making analysis and comparisons relatively easy. The same goes for pension funds in that their investment powers are very wide and similar, although the use of those powers varies.

By contrast, charities have highly variable investment powers and strategy. Some trust deeds are flexible in their investment powers, similar to pension funds, and employ outside expert fund managers; others have old trust deeds that are entirely the opposite.

WM already is finding that trustees of charities tend to have a different idea of investment and assets than pensioo fund managers. They accept that Stock Exchange securities are investments, and provide portfolio details for analysis.

But the charities generally ignore as investments their land and property holdings—aod they tend to be considerable holders of property acquired or gifted decades ago. No vsluations are made of the worth of these holdings (some are very valuable) and little attempt is made to develop the income return.

So, for some charities WM can only analyse the equity and fixed interest holdings, but not the overall assets. One by-product of the service coold be a growing realisation by charity trustees of the overall concept of iovestment and assets.

Another dimension with charities is that, nnlike pension funds, the income analysis is very important. Maoy charities need the income geoerated by investments to finance their operations, while at the same time maintaining the value of their capital. Those charities heavily into fixed interest investment have been hit hard by inflation.

The 1984 sample already highlights the vast disparity between fund performance. This year, WM hopes to have a much larger sample from which more meaningful comparisons can be drawn. Already, more than 50 charities are using the service.

Many charity trustees still are content to follow a steady, risk-free investment strategy even thongh they are under financial pressure. WM hopes that, hy using its service, trustees will first realise how much money they are effectively losing by adoptiog a passive policy—and then take steps to remedy the position.

Eric Short

Funds for seekers of growth

IT IS easy to see why capital growth is the main aim of most unit trust investors. Profits from buying and selling units are liable only to 30 per ceot capital gains tax, and it usually is possible to stagger encashments so that the £5,900 annual exemption limit for CGT is not exceeded. On the other hand, dividend income attracts the unit-holder's top rate of iocome tax — up to 60 per cent.

So, anyone paying more than 30 per cent tax (and even a basic rate taxpayer outside the CGT oet) has a natural beut towards low yielding growth funds. Only those with a definite need for regular ahots of extra iocome would consider a high-distribution trust — snd even they might do better cash-log in growth units periodically to top op earnings.

What, then, are the growth-seekers' options? Basically, he can buy either a generalist growth fund, choosing between those investing internationally aod those largely restricted to the UK; or go for the more specialised variety, preferably spreading risk hy picking a portfolio of them.

A third, rather more defensive, approach is to buy accumulatioo units in an equity income fund. These trusts can he supported by their highish yields when stock markets are depressed; at other times, they ofteo clock up impressive capital gains — over the year to September, io fact, their 18.3 per cent return is marginally ahead of the average UK growth fuod.

With accumulation units, income is ploughed back automatically into the fund, so the price rises faster han that of equivalent distribution units—indeed, many growth funds sell only these "roll up" units. Unlike offshore "roll up" funds, however, dividends are reinvested net of 30 per cent tax—and higher hracket tax-payers must still pay their marginal rate in the normal way.

The advantage for growth-seekers is that the mooey returns to the trust without having to stump up the 5/6 per cent ioitial (front-end) charge. Watch out for groups offering reiovestment facilities without accumulation units—here, you will have to pay the full offer price, including the front end load, when reinvesting dividends

Well diversified growth trusts are often the best bet for investors with little cash—under, say, £3,000—to spread around. Their maoagers are oot restricted by specific investment policies, although most aim to outpace the relevant market indices, often by aggressive buying and selling of shares.

They do not always aucceed. The 120-odd UK growth funds listed hy Money Management are up an overall 30 per cent over the past year, well beaten by a 43 per cent increase in the FT Ordinary Index (the latter figure excludes reinvested income, but also ignores dealing costs). Over three or more years, though, the unit trusts are out in front.

More importanly, the performance of these funds is likely to fluctuate much more dramatically than general "middle of the road" or equity income funds. That is because they concentrate on shares with above-average growth prospects and, therefore, high ratings and lowish yields.

The problem is compounded by the relatively tight portfolios preferred by many of these funds; often, they hsve fewer than 40 holdings (the minimum under Department of Trade rules is 20). A high flying stocks, which might get swamped io a larger trust, can have a hig impact on the price of a narrowly hased fund. Conversely, a dud can be douhly bad news.

Not surprisingly, then, growth funds tcod to appear at both eods of the leaguc tables. FS Balanced Growth, for instance, still only £3m strong, is the best trust in the industry over the past year, sportiog a 109 per cent gain.

Martin Winn

• FINANCE & THE FAMILY •

Home ownership

Buying a house in a hurry

THE ARRIVAL of cheaper mortgages, and the bleak realisation that "summer" is almost over can be expected to bring a resurgence of interest in buying a new house and inevitably worry about how long you will take to move.

Do not despair. If you can find the home you want, there are measures you can take to speed up a sale.

First-time buyers, of course, have the advantage of not having a place to sell. If you can put yourself into a similar position as a first-time buyer—by selling before you buy—you may be able to save yourself a considerable amount of time.

This might simply not be practical if you are moving as a family. If you are single, however, and particularly if you are looking to buy in London where property turnover is very fast, it could make sense to sell your flat and rent somewhere until your new property becomes available.

You might have an aversion to "throwing away" money in paying rent. But bear in mind that if you lose a purchase by not being able to act quickly you are likely to be out of pocket by hundreds of pounds in surveyor's fees and solicitor's fees.

Once you have chosen a particular flat or house, tell your solicitor about it even before you agree a price with the vendor. Applying for local search will cost you only £14.30 if you do it in the normal way, through the post, but it can take weeks to get one.

If your chosen house has rats in the cellar or is crumbling away, it might have been served with a public health notice or a dangerous structure notice, and a search will inform you of this.

You could ask your solicitor to do a personal search for you, which could cost you about £50 and you would then be reassured by the knowledge that the solicitor is insured against negligence.

On the other hand if you want to sell in a hurry, make sure you have a search ready when you put your home on the market.

Another major problem with delay in buying a flat or house occurs with the mortgage. It is sensible to make sure that the bank or building society you have chosen is willing in principle to lend you up to a certain amount of money before you even start looking for a flat.

While the building society is considering your appeal for a mortgage, go to your bank and arrange a loan to cover the mortgage in the short term. You then use this loan to buy your home if you receive a mortgage offer but face a delay before the funds can be released. Whether there is a delay will depend on the building society and possibly even on the branch.

You are entitled to tax relief on interest paid on a bank loan for house purchase for sums up to £30,000. But bear in mind that if you take a chance and buy the flat on the basis of a bank loan before you receive your mortgage offer, you could be taking a serious risk if the building society then turns you down.

In practice, however, an early chat with your building society will tell you what your chances are of borrowing a specified sum of money.

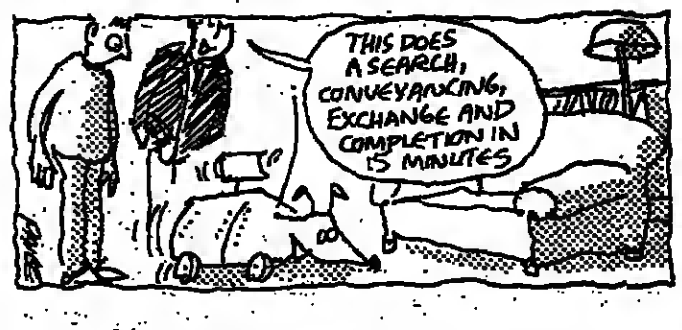
You can also work out whether you are likely to receive a mortgage offer by having your own survey done as soon as possible.

If you are very keen not to lose a particular place, having a survey done can also be a means of showing that you are serious. You will be out of pocket if you are then "gazumped" and lose the property, but you could ask the vendor to allow you a few days during which he or she will not issue any other contracts on the same property.

This means that you will not be in a "contract race" with another prospective purchaser, but in a race on your own against time.

Even in London, it is quite possible to find a surveyor who will do a survey within 24 hours.

Before you even think of attempting a quick purchase (or sale) you should be convinced of the enthusiasm and energy of your solicitor. Remember to check that your building society or bank will agree to instruct your solicitor to act on its behalf as well. If it won't this could slow the process down—and cost you considerably more money.



Contracts racer

BUYING a flat in a hurry is possible, I did it in 72 hours—but not without considerable damage to my nerves.

After many months of trying to sell one flat and buy another, I ended up homeless after a particularly expensive near-purchase failed. In desperation, I took a few days off to concentrate on looking for a new flat, while staying with friends.

It was Friday afternoon at 5 pm when the estate agent phoned. One of the flats I had seen and been keen to buy might now be available, she said, if I could exchange contracts — quickly. "How quickly?" I asked. "Monday?" she suggested, grimly.

She explained that while someone else had offered the asking price, it looked as if it would take a while to exchange contracts.

"Can you exchange on Monday?" she demanded. "I'll call my solicitor," I said firmly. He was in Tunbridge Wells, Kent, and of course I could not get through. The clock started ticking away. But when I made contact, he was optimistic. "Of course we can do it. Well, maybe not Monday, but Tuesday, if they have the local search ready and you can get your survey and mortgage offer by then. Can you?"

I thought fast. The developer had the local search ready, and the Woolwich had recently offered me a mortgage for the same amount for a flat I subsequently lost. But would it be willing to move at such speed?

"Let me charm the estate agent," said my solicitor. "You had better call the Woolwich before they all go home for the weekend." Then he added: "I assume you do not want to get into a contract race?" I agreed: "Absolutely not." We decided to insist the other contract be withdrawn before we proceeded.

At 5.25 pm, a blessedly friendly voice answered the telephone at my Woolwich branch. It was the sub-manager and she confirmed there was no problem in principle with the mortgage.

To come up with a mortgage offer on a particular flat, however, a building society valuation was necessary. She really did not know if that was possible so quickly—it normally took two weeks. I asked if she could check and see if there were any cancellations. She said she would get back to me.

By 6 pm (estate agent and solicitor working overtime), I had arranged a survey on Tuesday morning, asked for an immediate verbal report, and told the estate agent I intended to sign by the end of the day on Tuesday.

On Monday morning, the Woolwich rang to say there had been a cancellation and its surveyor could go round on Tuesday morning. My solicitor appealed for a deadline of Wednesday at 5.30 instead of Tuesday, to allow for any more potential delays.

On Monday afternoon came a possible setback; the estate agent told me her client did not wish to withdraw the other contract. But she reassured me that my rival was on a rig in the North Sea and would not be able to do anything in a hurry.

On Tuesday evening, my surveyor phoned to give me his report. On Wednesday morning I phoned the Woolwich to find that it was satisfied with its surveyor's valuation. But as the mortgage offer needed the signature of the regional manager, it would not be ready until 3.30.

My solicitor missed his train from Tunbridge Wells; acting beyond the call of duty, he jumped into his car and raced it to the next station. At 4 pm he arrived at the offices of the other side's solicitors, in the City. I picked up the mortgage offer and met him there.

Showing an almost maddening attention to detail, he pored over the lease, removing certain clauses and inserting others. But at 5.28 pm he sat back and handed me a pen. "Last chance to change your mind," he said. My hand shook, but I signed. Some poor soul on a North Sea rig had lost out, but I was no longer homeless.

Dina Thomson

• FINANCE & THE FAMILY •

Briefcase

Automatic inheritance

My husband and I over the past ten years purchased in joint names Government Treasury shares. Being in our late 60s we realise one day one of us will depart this life. Will the survivor "automatically" inherit these shares or can they be willed to someone else? We also own and reside in a large house converted into flats. This is in joint names. I realise our "marital" home section will automatically go to the survivor but what of the "business" section? Can this, also, be willed to someone else, or is it the same as a "marital home"?

The survivor will automatically own all the property which is held jointly. Either of you, however, can serve a notice of severance, or otherwise sever the joint tenancy, and thus create a tenancy in common in equity, and thereafter the separate equitable interest can be disposed of by will as the testator wishes.

Drawback to family trust

I have a holiday cottage, bought for about £4,000 in 1966, now worth about £30,000. I am wondering whether to put its ownership into a family trust. Can you please let me know the CTT and CGT, and any other implications of so doing?

You can create a trust such as you envisage, but would incur a charge to Capital Gains Tax and use up part of your Capital Tax nil rate. You would be wise to consult a solicitor to consider, for example, whether to make the cottage your main residence before creating the proposed trust.

Double tax bill unlikely

I have been resident and domiciled in Kenya for many years (by choice). My wife and I have just started to receive a British retirement pension from DHSS in Newcastle of £44 per week. This pension is derived partly from our respective employment contributions over 35 years ago, prior to our marriage, and partly to voluntary contributions which I have made during the past 15½ years. No income tax is deducted from these payments.

Is this pension liable to UK income tax? If so, to which specialised tax office should I declare these payments?

If the pensions are taxable in Kenya, the UK tax bill is limited to 5 per cent by the Kenya-UK taxation agreement.

In fact, however, you are unlikely to be assessed to UK tax, by virtue of an unpublished extrastatutory concession (which appears still to be operated).

Trouble over a covenant

May I seek your opinion in a disagreement I am having with the Capital Taxes Transfer Office in an Estate where I am the senior of three executors, one of whom is also the solicitor to the estate and indeed to the deceased in his lifetime. We were also close friends and relatives and so we knew the deceased's intentions intimately for a very long time. In his lifetime the deceased entered into a seven-year Deed of Covenant, without determination at death, the latter being his specific intention as the Covenant was in the form of an overall payment of £5,000 gross for the naming of a room in a Home for the Aged in memory of his late wife. The Covenant was for £714.28 p.a. gross which was paid for only two years before he died as to £500 p.a. nett after deduction of tax. On his death the executors, knowing the circumstances in which the covenant was given, considered it a legal and moral duty to complete the other five payments. Consequently, being unable to deduct tax from the payments, we paid to the Charity 5 x £714.28=£3,571.40, as a debt of the estate, and subsequently entered that sum in the Probate Accounts as liability. After more than two years had elapsed, the CTTO challenged the item, and demanded 60 per cent C.T.T. which we paid under protest. After lengthy argument they have now conceded that 5 x the nett amount=£2,500 is admissible and have refunded the C.T.T. thereon plus interest. As a matter of principle, since we acted in the utmost good faith, and in conformity with the wishes of the deceased, as well as both legally and morally, are we able to give chapter and verse for the full reinstatement of the gross payment we made as a debt of the deceased, and therefore of the Estate?

We think that your contention is arguably correct, but we cannot locate any direct authority for it. It must rest on principle namely that a debt is prima facie of a gross sum and only falls to be reduced if actually paid net, or if it ought to have been paid net.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A matter of interpretation

For many years I have owned and operated two companies, both very closely connected in the commercial vehicle business. One is for dismantling late type commercial vehicles such as insurance write offs and selling the second-hand spare parts from them, taking the old units back, ie faulty gearboxes, engines and rear axles. These are then reconditioned and we sell from the other company as reconditioned units, fully guaranteed.

My directors fees and salary have been such that I have always paid the maximum graduated contributions on the one company, both employer and employee wise and had been granted exemption on the second company.

Recently we changed auditors and moved our registered office. Our move was to take over the premises of a company that had gone into liquidation, in order to expand our existing business, at the same time providing jobs for 50 people (with no government assistance).

Our tax office has now changed due to the change of our registered office. We are told by this tax office that I should be paying graduated contributions to the full amount on both companies employer wise. I asked for the rules that covered this and upon reading the rules carefully, I feel this is a question of interpretation, I also feel their interpretation is quite wrong.

On the bare facts outlined, we can only say that the DHSS inspector is right. This is a point which has been covered in our (Wednesday) Business Problems column.

The companies' new auditors will doubtless be able to establish the facts (and to express an opinion upon the question of any negligence by their predecessors).

Give cash to god-daughter

My god-daughter is aged 4 and I wish to make some investment purchases for her in ordinary stocks and shares, but I am not at all clear as to the rules of whether this may be done, and if so how income tax is paid.

The simplest thing would probably be to make a cash gift to your god-daughter. The cash must be kept rigorously separate from any cash given to her by her parents, and similarly any shares etc bought with your cash gifts (by her legal guardians) must be kept rigorously separate from any investments derived from her parents, even indirectly. In the letter which accompanies your cheque, you can say that the money may be invested without regard to the statutory restrictions upon investment of funds held in trust for minors. The letter should be preserved, for production to the tax inspector when tax credit claims are submitted, year by year, on your god-daughter's behalf.

Estate agents and their fees

Under the heading "when zero applies" on 27 July 1985 you mention that some landlords and estate owners have collected VAT on service and maintenance charges, yet both were specifically exempt from VAT in April 1974.

I have two freehold properties managed by a firm of estate agents who advise about rent reviews, prepare and serve schedules of depreciation and recommend the sum to insure the properties for. The charge has now been raised from 7½ to 10 per cent of the rent to which VAT has now been added yet you state that service and maintenance charges should be "zero rated, exempt or outside the scope of VAT." Does this apply to the services provided by my estate agent?

We confirm that the charges made by estate agents for managing properties are standard rated for VAT. Our reply was dealing with the services provided by landlords.

Sharing jointly in ownership

For many years, I have operated bank and building society accounts jointly with my wife. I now wish to extend this to share investments. With one exception, these are solely in my name. They are in about ten companies and total about £35,000.

I wish to transfer them to joint ownership with my wife. How should I set about this, most economically?

You can execute transfers into the joint names, or else you can execute a declaration of trust stating that you hold specified shares on trust for both of you, thus reducing your liability to stamp duty to 50p.

What you are allowed to lose

Can you advise me on what losses are carried forward in respect of capital gains? The following figures are relevant.

1981-82 capital losses £726; gains £3,984; 1982-83 capital losses £2,006; gains £506; 1983-84 capital losses £1,393; gains £5,602; 1984-85 capital losses Nil; gains £4,684.

In each year the net figure is below the "allowed" gain, but only in 1982-83 did the net figure show a loss. What is the carry-over to the current year when in due course I make the return? £726+£2,006+£1,393=£4,125. Or is it only the net loss of £1,500 in 82-83? The matter is of some importance as, in order to buy a new house without using a high-cost bridging loan when I have so far not sold my present one, I am selling various stocks and shares and the capital gains appear to be of the order of £8,000-£10,000.

The Inland Revenue may well contend that only the £1,500 net 1982-83 loss is deductible from the current year's gains. We have, however, consistently maintained (in our replies to readers' questions on the point over the year) that the Board has misconstrued section 4 (1) (b) of the Capital Gains Tax Act 1979—and its predecessor, section 20 (4), of the Finance Act 1965. Judicial support for our interpretation of section 4 (1) (b) has recently come in the judgment in Elliss v BP Oil Northern Ireland Refinery Limited (FT Commercial Law Report: August 6), and so the Board may now be prepared to concede that it has been wrong for the past 20 years.

If our interpretation is ultimately accepted by the Board, or is upheld by the Courts, then section 4 (1) (b) gives you the right to deduct all £4,125 of allowable loses in your 1985-86 CGT assessment, except for £302 or thereabouts.

(This reply is based upon the assumption that no CGT assessment notices have been issued to you for 1981-82 to 1984-85; if this assumption is wrong, please come back to us with full details of the assessment notices, including dates.)

· TRAVEL · MOTORING ·

Murren, Switzerland: "for sheer prettiness and ambiance"

For skiers and sybarites

"IT HAS been a bad summer for snow," said my guide as we looked down the grey-blue curve of the glacier. "You can say that again," I thought, as muscles lax from months of deskwork fought with the unfamiliar task of keeping a firm grip between skis and ice. Yes, it was summer; a couple of weeks ago on the upper heights of the French Alps where the air is thin and the ski lifts are being oiled and the discotheques dusted down ready for another winter and another deluge of skiers.

There is also much crossing of fingers and anxious looking at the sky. The prosperity of a ski resort depends very much upon the weather. The weather in the last few years has been capricious, to say the least.

Last winter was a classic for mixed reports. Most of Europe had winter similar to that in the UK. Weeks of appalling cold, followed by near heatwaves. I was caught in Verbier in the first week in January with a car frozen solid in spite of having the recommended anti-freeze; only a few weeks later I spent a couple of days in the French Alps watching a blizzard melt before my eyes in unseasonal warmth.

"Where can I be sure of good snow?" is one of those unanswerable questions. Another is "which is the best ski resort?"

Let's tackle the first one. Given a reasonable winter, any ski resort worthy of the name should have skiable snow from the second week in January until the middle of March. If you want to be certain of snow earlier or later you have to go high. Going high, a village above 1,000 metres (in Europe) and ski slopes around 2,000 metres may mean snow but it often means an absence of trees; the presence of high winds and bitter cold.

The older I get, the more I become a sybaritic skier. Show me a grey December day at 2,000 metres and I will show you a log fire and a good book. If your enthusiasm for skiing borders on the masochistic, by all means head for the heights but I think I shall leave Chamonix and Obergurgl until spring when the open slopes come into their own and the snow down below tends to melt.

If time, money or inclination force you to consider skiing outside the period of reasonable certainty, try to leave your booking until the last minute. Then at least you can check the snow reports. This advice does not apply to Christmas and Easter: for both of these you have to book well ahead.

Most winters, the weather settles into a steady directional pattern. Usually either the west (the French Alps and parts of Switzerland) or the east (Austria, and German-speaking Switzerland) gets the best, although both occasionally share similar conditions. Capricious Italy seems to have a mind of its own.

Normally, therefore, once a pattern has emerged (say by mid-January) you can look to the later weeks of the winter with a certain amount of confidence.

An essential part of good snow is the "base." This is the first layer or two, normally falling in December or even November, which is not skied upon but rather forms a pack upon which later snow falls may consolidate. Last winter a problem was that few resorts had any such "base," this meant that later snows were all too quickly skied away.

Now for the "best resort." This is a little like a "best food" question. Yes, I might love caviare but I would not choose it every day and it is not ideal as a fast-filling snack—there are times when a pizza comes in handy.

My own favourite resorts (I have not tried every ski village in the world) include:

For sheer prettiness and ambiance: Alpbach in Austria, Murren in Switzerland and, perhaps, Valloire in France.

For learning to ski: Westendorf in Austria, La Plagne in France, and Villars in Switzerland.

For lots of recreational skiing: Saalbach/Hinterglemm in Austria, Courchevel in France and Sauze d'Oulx in Italy.

For the *macho* crowd: Chamonix and Tignes/Val d'Isere in France, St Anton in Austria, Badgastein in Austria, Zermatt in Switzerland.

For après-ski: most Austrian resorts, and no French resorts that I know of.

A couple of basic rules about ski resorts are worth remembering.

The more apartments a resort has, the worse the après-ski will be. French ski resorts are riddled with self-catering properties and are deserts at night.

Some resorts build too much accommodation for their ski-lift capacity. The result is queues. Top of the crime list here is Mayrhofen in Austria, and St Anton is pretty bad too. Avoid local holidays, too: they produce queues in what are otherwise the best of resorts. (If your travel agent does not know, and cannot advise on local holiday dates, change your travel agent.)

Best buy of the skiing winter is the new Which? book, *The Good Skiing Guide* (Consumers' Association and Hodder and Stoughton, £7.95). This is a thorough review of 200 European resorts in honest, easy-to-read style. The maps are particularly useful in that they are all to the same scale—some tour operators show small resort maps big so that the ski runs look longer.

A basic ski package tour to one of those pretty resorts, Alpbach, say, in February, has a two-week price around £400.

Ski hire is going to cost another £26, boots £16, and a two-week lift pass just over £50 (ref Inghams' brochure). Looking a little glossier, and checking into a four-star hotel in Zermatt in February, we are talking in terms of a starting price of £768. We may also be paying over £100 for a two-week lift pass; and equipment rental is also somewhat pricier than in cosy Alpbach (ref Supertravel brochure).

Fancy a chalet holiday? Joining a chalet party in Selva, Italy, in February has a benchmark price of a little over £400 (ref John Morgan). Renting a chalet in Alpe d'Huez (France) at the same time might cost between £200-£275, four people sharing, including flights (ref VHB Ski, Cheltenham, Glos).

As well as the tour operators mentioned, the "don't miss" brochures include Thomson, Thomas Cook, Ski Sunmed, Bladen Lines and National Holidays. Your travel agent should have these. Many ski companies sell direct to the public (VFB is one of them).

These columns will cover the ski holiday market from time to time during the winter months. In early November we plan to discuss ski equipment and fashion which is why your intrepid correspondent began this article at the top of a glacier—testing skis.

Arthur Sandles

Radical radials from the Orient

OLD MEMORIES die hard. Many drivers who were frightened—as I was—by the banana-skin wet grip of Japanese tyres 10 or more years ago still think they compare poorly with European radials. They do not.

Now, a Porsche 911 Turbo is no car with which to take liberties in the dry, let alone in the wet when it will bite the hand that steers it with minimal provocation. But a few weeks ago I threw such a Porsche—which is as fierce a car as money can buy—around a private test track on ultra-low profile Japanese tyres that out-performed Pirelli P7s by a significant margin.

The track was just an hour's ride by bullet train from Tokyo. The tyres were the latest product of Bridgestone, Japan's biggest manufacturer by far. The company is justifiably proud to have won Porsche's approval as a supplier—it is one of only three to make the grade, the others being Pirelli and Dunlop.

First, I drove the Porsche on P7s. They are not quite the latest Pirelli very-high-speed tyres—the P7 has been overtaken by the P700 (this column, April 27)—but most of Europe's really fast cars still run on them.

On the tight curves of the dry handling circuit, I was watching the Porsche carefully; on a slalom course marked with cones on a wet handling area, I lost it in a fairly big way. It did not quite spin, but fish-tailed before I could catch it again.

Changing to the new Bridgestone RE71 tyres in the same sizes as the P7s (55 series on the front wheels, 50 series on the rears) made me feel that I, and not the Porsche, was in charge, especially in the wet. Putting even fatter 45 series Bridgestone RE71s on the back made things better still. At higher speeds than before, it was flatteringly easy to keep the Turbo pointing in the right direction.

The tyre that tames the tigerish Turbo has a unidirectional tread pattern (like the P700 and Goodyear's Eagle) to get rid of the water and let the rubber bite on relatively dry tarmac. It has two kinds of tread compound: a soft one for the part in contact with the road, which gives outstanding grip and a harder one for the under-tread, which gives sharp response.

Hanging on: the Porsche 911 Turbo

Nor is the new Porsche tyre Bridgestone's only major recent achievement. Of potentially greater importance is its discovery of a completely new concept called RCOT (for rolling contour optimisation theory), which means the tyre comes out of the mould in which it is vulcanised in the shape it will take up as it rolls on the road.

This is not the case with other tyres. As soon as the car's weight goes on them, they change their shape. In a free-rolling state, RCOT tyres do not; as a result, they waste less energy and there is a small but perceptible improvement in fuel consumption. At the same time, the lack of distortion makes the tyre's footprint more stable. That improves wet and dry grip and steering response, reduces cornering squeal, makes the ride more comfortable and increases tread life.

It really is a most significant achievement. A tyre might quite easily be modified to hold the road better, last longer, grip harder in the wet or save fuel. Where Bridgestone has been clever is combining all the benefits in a single tyre. This is a secret that so far has eluded its competitors all over the world.

Already, nearly half the Bridgestone tyres sold in Japan are made in the RCOT formula. They will reach Europe early next year—and they will not cost any more than the tyres they replace. When Bridgestone announced the RCOT a year ago its rivals were dismissive, perhaps because they did not understand it properly. Now, they are taking it very seriously.

Stuart Marshall

Tips to improve a dog's life

DOGS IN cars can be a pain or a pleasure — it depends how well they are brought up.

Choosing the right car is also important for the dog owner. If you cannot actually consult the dog, you can at least consider its needs. I am old fashioned enough to reckon that a dog's place is in the back of a car — on the load platform — and never on the seats. So a saloon is out and the choice is between a hatchback and an estate car.

Some hatchbacks are more dog-friendly than others. A Saab three or five door is ideal because its tailgate closes on to a sill as flat and wide as an estate's.

Many others are less suitable because their rear sills are so high you might as well ask a dog to jump into a saloon car's boot. As Britain is a nation of dog lovers, it is not surprising that we buy a higher proportion of estate cars than any other European country. Estates are the best for carrying dogs, especially big ones.

Some estates are better than others; it is the loading height that counts. Citroens and the Vauxhall Cavalier estates could have been designed with dog owners in mind. Their sills are so low—about 18 ins from the ground—that a medium or large dog just steps aboard with no more than a token leap.

When dogs get old their springiness is one of the first things to go. As anyone who has helped a rheumatic old mutt into a car will know, it is most easily done in a low-silled estate.

Another thing to look for — especially if you are buying second hand — is the shape of the rear bumper. Most modern cars have wide plastic ones, fitting closely to the body, so there is no fear of a dog's leg slipping between car and bumper. This easily happens with a shiny steel bumper standing an inch or two clear of the car. Dogs have broken their legs in this way.

Dogs can and should be trained to do as they are told in cars but a tubular or mesh guard that shuts off the load space of an estate or hatchback from the seats is useful, if only until they get the message. Any motoring shop has them. Thus confined, a dog left for hours in a parked car (not with the windows shut, please) cannot do too much damage. Young dogs especially get bored and tend to chew the nearest thing.

As a friend of mine discovered when he left a young labrador on the back seat of his saloon for about an hour. When he came back most of the driving seat had been eaten — well, labradors do have hearty appetites. Its digestion was not equal to cloth trim and rubber foam so the interior of the car was not a pretty sight. He had the seat reupholstered and left the dog in the car for a second time. It left the driving seat alone. This time it ate the passenger seat.

For less than perfectly trained dogs, a basic estate with a plain metal load floor rather than a wall-to-wall carpeted one is better. A couple of old sacks should stop the dog from sliding around.

This is what I did until I

wondered where the overripe smell was coming from. It was the sacks, impregnated with the perfume of wet, muddy dog. A synthetic fibre mat from the Easyrider Company of Northampton (0604 30426) was much better.

If your dog or dogs habitually plunge into stinking swamps, sterner measures are needed. They are called Muck Mats and fit Range Rovers and similar large estates. Call Chorleywood, Herts 2494 for details. Muck Mats are tailor-made from strong, waterproof canvas. They velcro on to the body trim and lift out easily.

Flat out in London

OVER THE last six months property prices in Central London have risen right across the board, sometimes by as much as 30-50 per cent.

The spring market was so strong that some agents reported "gazumping" (where clients go back on their word, taking a higher offer after a deal is agreed but not signed up), and "Dutch" auctions, playing off one prospective purchaser against another.

"Those who could not make a decision quickly were soon outbid by the next in line," says Avril Butt, of De Groot Collis in Knightsbridge.

"The summer market has seen somewhat less movement, with no great volume of house or flats sales except in one or two developments in prime situations."

It is the investment market that has kept busy; fiercely competitive for individual flats and houses to refurbish, as well as for development sites.

"We have clients from Hong Kong, Singapore, the Middle East, South Africa and America, all looking to place monies in Central London property."

"At £150,000 it is expatriates, looking for a home and investment, and at the top levels — £2m to £10m — consortiums of Middle East investors," says Avril Butt, who recently sold a whole block of flats to an American pension fund. "Certainly a departure from their usual type of investment."

Blocks of flats are probably the healthiest sector of the London residential investment market, rising 20-30 per cent over the last year. When a block comes up for sale, most of the vacant units in it will have been sold already, and any sitting tenants will probably have resisted attempts to buy them out.

"Such blocks generally change hands at 50-60 per cent of the vacant possession value of the tenanted units," says Graham Vivian of Chesterton's "Ground rent income is capitalised at six or seven times, which gives a yield of 14-16 per cent."

He points out that the net yield from registered rents is very low, seldom exceeding 5 per cent of the purchase price, often much less.

Chestertons have brought out a quarterly property magazine, *In Residence*, distributed free to some 120,000 homes in Central London. (Or direct from David Thorley, Chestertons, 116 Kensington High Street, W.8.) In it Graham Vivian discusses the figures achieved for flatlet houses sold off for residential redevelopment.

A typical six-storey house in Kensington or Bayswater realises something of the order of £250,000 to £400,000 freehold, and will convert into six to eight units, realising between £600,000 to £900,000 altogether. In prime locations it could be more; with the shortage of vacant houses for conversion, the demand has been exceptional.

Most agents and developers still rely to a considerable extent on foreign buyers. David Pretty, managing director of Barratt in Central London, stresses that selling to this market means substantial effort and commitment. "The overseas buyer is very discriminating, and of course able to consider other homes in the major cities of Europe, North America or Australia.

"Gone are the days when a London agent or builder, armed with a suitcase full of brochures, could book into a room in an overseas hotel and expect to sell properties in London."

Barratt Central London's sales overseas outlets are in Hong Kong, Singapore and the Middle East. The company is assessing the New York market, but feel that the members of American buyers in London are not as great as some people assume.

Overseas buyers represent about one in six of their customers, buyers, generating between £3 and £4m sales in the past 12 months.

A proportion are British-based foreign nationals with large international corporations, banks, airlines and so on. Others are British ex-patriates, particularly those working in the Middle and Far East.

Both categories of buyer concentrate in the £50,000 to £150,000 range; the top-notch, globe-trotting chief executive looking for a luxurious London home in which to spend part of the year can go much higher.

David Pretty's much-publicised coup is the sale of one of the company's Dulwich Gate £400,000-plus homes to the Prime Minister and her husband. Mrs Thatcher is now choosing finishes for the neo-Georgian house under construction. "Although she knows very firmly what she wants," says one of Barratt's interior decorators, "she is very receptive to advice."

In the City of London a new development of houses is being marketed next week through Carleton Smith and Co. Priory Court, Cloth Fair, EC1 is near Barley Mow Passage, opposite St Bartholomew's Church. It has seven, two-to-four bedroom houses with garages; rare in this business area. Prices are around £250,000 freehold, plus another £50,000 or so if you want a house completely kitted out. Carolyn Holmes Interiors have done the décor in the showhouse.

As an indication of Mayfair prices, a one-bedroom flat will cost between £85,000 to £150,000; two bedrooms with two bathrooms, between £150,000 to £275,000; and three bedroom flats from £250,000 to £500,000. The prices for larger flats will depend on the square footage.

Roger Taylor

Priory Court, Cloth Fair, EC1: seven freehold houses and garages at £250,000 each

Wetherall, in Upper Grosvenor Street, W1, says it has sold approximately £2m-worth of property in the last three weeks. "An indication of the market is the speed in which contracts are exchanged — on average five working days from receipt of contracts."

For the first time in many years new developments have been marketed at prices which reflect building costs. Selling price per square foot are now between £200-£300 per square foot depending on location. A number of buildings are now reverting back to residential use as their office permits expire.

Eaton Square and Eaton Place houses and flats continue to dominate the Belgravia market. Prices depend on their position in these roads, and the length of their Grosvenor Estate lease. In Eaton Place, Kensington-based developer Templegate has totally renovated a whole house, preserving its shell and facade. The 56-year-lease price is £690,000. Seven-year leases on apartments in Eaton Square sell through Aylesford at between £80,000 and £125,000.

When trying to decide what your own property is worth, the advertised or quoted price of next-door homes should not be relied upon, warns Paul Simon, of Gascoigne Pees' Lower Sloane Street office. "Neighbours seldom like to admit having accepted much less than the asking price."

St John's Wood is experiencing some of London's highest rises in property values. A semi-detached family house in Clifton Hill, sold in 1930 for £3,500 through Anscombe and Ringland, has just sold again, through the same firm, for close to the asking price of £325,000.

To put the figures in perspective: in 1964, when the house would have been worth £20,000, petrol was 24½p a gallon, beer 7½p a pint, and a first-class letter cost 1½p to post. A small family car cost £470.

By 1970, petrol had risen to 33p, beer was 11p, a stamp 2p and the car £808. Ten years later petrol was £1.32, beer 40p, the stamp 12p, and the car £3,650. Compared with these figures, house prices rises do not look so bad, and at least a house is built to last.

June Field

Badgers set the tone in capital's wildlife

IT COMES as a surprise to discover that 12 per cent of Greater London is covered by grassland and woods. This figure has emerged from an exhaustive wildlife habitat survey over the past year by the London Wildlife Trust. The six field surveyors made all manner of discoveries in the 2,000 sites they covered.

There have been previous surveys of wildlife in various parts of the capital—most memorably, a television account some years ago in which such a variety of birdlife emerged that the culmination of it all, a puffin seen walking down the Strand early one morning, went almost without comment. But habitat is essential to the diversity of flora and fauna of a city; the bomb sites have almost gone; and what can and does live in back gardens and well-used public places is bound to be hardier and more opportune than the discreeter creatures of real wilderness.

The survey, commissioned by the GLC through its ecology section, and in a form designed jointly with the Nature Conservancy Council and the London Wildlife Trust, has consigned its findings to a computer where it can be consulted. There will also be a publication, the basis of an ecological strategy for London.

Findings were picturesque and startling. Badgers and kingfishers, the narrow-leaved water dropwort in Hillingdon (last spotted in the area in the early 19th century) and a flock of 100 bramblings in Greenwich were among them. Overall, a quite remarkable diversity of wildlife is sustained in areas such as canal-sides, railway embankments and disused docklands. That might be expected, as a rich diversity is to be hoped from those areas already identified: the Sites of Special Scientific Interest (there are 29 in London), local nature reserves, and those sites already in the care of the London Wildlife Trust.

More surprising were those hidden sites, such as a network of water channels running through the Ford works at Dagenham which supports a wide variety of aquatic and water edge species (cared for conscientiously by the company).

Nevertheless, this halycon picture is darkened by various threats; for example, the East London River Crossing and the expansion of Thamesmead pose a worrying future for the marshes. Closer to central London, the range is narrower; SSIs are to be found only in Camden and Greenwich, of the inner London boroughs. Not all the news is good: rabbits are back in Kensington Gardens, for instance. Still, a wheatear was seen at Portobello junction and, as anybody with the most rudimentary knowledge, good eyes and ears knows, the birdlife in central squares and gardens is much more diverse than the obstreperous presence of pigeons, sparrows and starlings would at first sight suggest.

Now the survey has announced its findings, work will continue with the ecological strategy. The collection of such data in urbanised areas is a recent and valuable concern—similar efforts have been made in New York (with even more unlikely results) to identify areas of naturalised vegetation and wildlife habitat. As an aid to planning authorities, as well as an educational asset, this kind of exercise is very useful.

Municipal flower beds do little to tell children about the natural order of things, but a well-informed walk along the east London canals can be a revelation. It also just might prove to be a painless (and cheap) form of vandal-proofing.

Gillian Darley

• GARDENING •

Fresh fruits for the orchard

New varieties receive little publicity unless in demand from shoppers

NEW varieties of fruit arrive with very little of the hype that attends many new flowers. It takes many years to produce a new apple, pear or plum, and many more to test it thoroughly before it can be released for commercial propagation; even then, it is likely to go to commercial growers first.

By the time it arrives in the retail nuseries and garden centres, it is new only in the sense that home gardeners have not been able to buy it before. So it gets little publicity and, unless it is already in demand as a fruit in the shops or supermarkets, it might well pass almost unnoticed. This is regrettable, for there are some nice things about.

Several of the best new apples have been produced at the East Malling research station in Kent. Greensleeves will appeal to those who like green apples; but it is a yellower and more appetising green than the popular Granny Smith, and is ripe in September. It was produced by crossing that fine old English apple, James Grieve, with tha American Golden Delicious, and it could be said to have pnt some of the Grieve quality into that very popular commercial variety. From what I have seen it is almost as free cropping as Golden Delicious and, as it is self-fertile, it can be expected to give a full yield without the presence of another apple as pollinator.

Personally, I prefer my dessert apples to be coloured and that is one reason I like Suntan, another East Malling product, this time with Cox's Orange Pippin in its parentage. It recently won an Award of Merit from the Royal Horticultural Society and has some of the Cox flavour along with an orange-red flush that fully justifies its name. It keepa well, crops freely, and makes a neat tree if worked on a fairly dwarfing rootstock such as M26.

Then there is Jupiter, which is being given more publicity than most and could become very popular although I think that another East Malling introduction, Fiesta, might surpass it eventually. This is a very attractive apple, brightly coloured, fairly large and heavy cropping. Jupiter also is red all over, bnt a duller colour. It is said to give two nr three times the crop of Cox and seven times more top grade fruits of 65mm diameter nr better.

It is ready for eating in October but will keep until January. However, there is a snag: it produces no viable pollen and must bava another apple to fertilise its flowers. Golden Delicious, Spartan and the handsome early variety Discovery are recommended.

Kent is getting into some of tha specialist fruit nursery lists but is unlikely to be in tha garden centres for a few years yet. It is a conical apple, a shape rare in modern varieties although once common, a neat fruit with orange-red flush and some brighter red stripes. This colour comes from the Amarican apple, Jonathan, and its improved texture and flavour from its other parent, Cox. Il is said to be a regular and heavy cropper.

Norfolk Royal Russet puts a new skin onto an old apple. It is a sport from Norfolk Royal, which has a showy but rather greasy scarlet skin. Of course, if you peel it this greasiness is no drawback, and the colour looks fina in the garden and fruit bowl. Norfolk Royal Russet has a dry russet skin and so is less decorative but pleasanter to eat skin and all. You can use It in September or keep it until Christmas.

Jester brings us back to East Malling and purposive breeding. Its parents were Worcester Pearmain and Starkspur Golden Delicious, and it is three-quarters scarlet. It is also a compact tree, which starts to crop when still young, and is beginning to be widely distributed. Spartan, one of the deepest crimson apples and a great supermarket favourite, is recommended as a pollinator.

I have been growing and recommending Spartan for some years since it was sold to me as a disease resistant apple. Latterly, I have seen signs of canker on my trees and now am told that this is, indeed, a weakness well recognised by commercial growers. Yet, I still see it listed as disease resistant.

Bountiful is a new cooking apple from East Malling, a big green fruit with occasional red flushes on the sunny side. It makes a much smaller, more compact tree than Bramley's Seedling although that magnificent old apple can now be tamed with the new super-dwarfing root-stocks. Bountiful starts to crop early and is a good pollinator for other varieties, which Bramley's is not.

I know of only one new pear, a seedling from Williams and that delicious French variety Beurré Superfin. Its name is Beth and it is now in most of the fruit lists. It also is being grown in some of the big wholesale nnrseries, so it should not be too difficult to find in garden centres. It ripens progressively over a period of several weeks starting at the end of August and continuing throoghout September, a point that might commend it to home gardeners. Conference or Doyenne du Comice are recommended as pollinators.

I also know of only one new plum that is actually available, though others are in the pipeline. This is Opal, a red-skinned, yellow-fleshed variety for use in July and August, either for dessert or cooking. It is self-fertile so can be planted on its own. Flavour is described as gage-like.

Arthur Hellyer

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Starting from scratch: flying a helicopter

Leah Griffin gets a pointer from her instructor, Captain Michael Bowden

Up, up and away . . .

FLYING a helicopter for the first time is exhilarating. It is also nerve racking—and the fact that I was making my debut on Friday 13 hardly boosted my confidence.

I had been invited to try my hand as a helicopter pilot at Cranfield Airfield, Bedfordshire, by Mr David George, managing director of Sloane Helicopters. My teacher for the day was the chief flying instructor, Captaio Michael Bowden, who was to show me the basics of turning, ascending, descending and holding the helicopter level in a one-day crash (sic) course.

The Robinson R22, the two-seater helicopter I was to fly, is used for a variety of tasks from flight training to cattle herding. I was surprised at how small it was—rather like a car interior.

A collective lever to the left of each pilot's seat, rather like a handbrake, controls the main rotor to give the aircraft more lift. The cyclic—a T-shaped control standing between the pilots' seats—operates the tilt of the rotating blades.

Each pilot also has two foot pedals which move the helicopter left or right. These operate the tail rotor which pushes sideways to keep the helicopter straight.

The machine could reach 14,000 ft—but there is seldom any need to fly so high. My immediate thought was what would happen if the eogine failed. "Everyone asks that question," said Captain Bowden. But a helicopter can land safely by gliding and all pilots must do a simulated engine-off landing as part of their training.

Before we took off, Captaio Bowden weot through routioe checks, making sure all the instruments were in order. Then it was on with the seat belts as he started the engioe. Ignitioo on, clutch engaged and she roared into action.

As the large rotors picked up speed the helicopter began to shake, but lift-off was smooth.

We glided along, hovering several feet above the ground before swioging right and zipping towards the motorway. It was like floating in a perspex bubble. I watched Captain Bowden intently. It seemed easy enough—until I tried it myself. As I was about to find out, a helicopter refuses to stay where you put it and you are coostantly adjusting the controls. I was so intent on keeping the nose level that I forgot to stop it shaking from side to side.

I had visions of plummeting huodreds of feet into the traffic on the M1. I didn't realise how tense I was until I remembered to breathe out aod slumped several inches down my seat.

We asceoded to fly over a neighbouriog field, waving to a farmer in his tractor before laoding in someone else's back garden. Then we were airborne again, catchiog a glimpse of burning crops below us before diving towards the airfield.

Then came the moment I was dreading—a simulated engine-off landing. I watched the needle drop on the engine rev counter and, as the power was reduced, we fell from the sky, leaving my churning stomach behind.

As we approached the airfield we hovered about six feet above the ground so that I could try and keep the helicopter steady at that height. Then I had to keep it facing the same way — towards the control tower — using the foot pedals. That was hard enough—the really tricky part was doing both things at the same time.

I managed to throw the helicopter up and down, left and right. Meanwhile, all around me fellow pilots were taking part in an acrobatics competition in light aircraft of all shapes and sizes. The way I was handling that helicopter I should have won first prize. But at least we made it in one piece.

Costs

If you fancy yourself as a helicopter pilot it could set you back a few pounds before you qualify for your licence.

But it is worth it if your budget will allow. To qualify for your PPL(H)—the Private Pilot's Licence (Helicopters) you must have at least 35 hours of basic flying experience as a helicopter pilot, including a minimum of 10 hours as a pilot-in-command.

Then you will have to pass a flying test and examinations in Aviation Law, Meteorology, Navigation and Technical (Helicopters). The required flying training will cost you £115 per flying hour. So the total cost of training will be in the region of £4,000. You can also take a half hour trial lesson for about £55.

Contrary to what some people may think, you do not need an aeroplane pilot's licence before you can fly a helicopter. But a helicopter licence does not allow you to take to the skies in an aeroplane.

About 85 per cent of all civilian helicopter pilots are trained on the Robinson R22. It is a light two-seater with simple controls, making it ideal for the beginner.

Sloane Helicopters offer approved PPL (H) courses at the Cranfield Airport training school, but these courses can also be arranged at associated flying schools if you live in a different area.

Those with a healthier bank balance may want to buy their own helicopters. You can buy the Robinson R22 from Sloane Helicopters for a princely £60,000 - £70,000, including basic equipment such as navigation lights, dual landing lights and intercom.

If you want a little luxury you will have to pay extra for such items as cabin heaters, rotor brakes, fire extinguisher installation, and observation doors with bubble windows, to name but a few. These are optional and are not included in the price of the helicopter.

Running the R22 will set you back a further £47 or so per hour. This includes all your fixed costs (such as liability/hull insurance and depreciation), and direct costs like maintenance, oil, fuel and replacing components.

For further information, or if you want to arrange a trial lesson, telephone Captain Michael Bowden on 0234 751551.

Leah Griffin

Historic Gardens

Suddenly, it's all academic

Sir Roy Strong, Director of the Victoria and Albert Museum, explains how buildings aren't everything. . . .

The garden at Hartwell House near Aylesbury, Bucks, as painted by B. Nebot

IN 1979 AN exhibition staged at the Victoria and Albert Museum celebrated 1,000 years of British gardening. It was an evocative aod rambling spectacle which would have extended its green tentacles across the museum's quadrangle if we had not run out of money.

The Garden was the last of a heritage series which stretched through the late 1970s. Those who visited it will remember its scope (even wartime allotments were included) and its displays of what have since become familiar items — such as the watercolours by Thomas Robins of rococo gardens, and the series of paintiogs by Balthasar Nebot of the arcades of topiary and vistas to obelisks and fountains which adorned Hartwell House io the 1720s.

Looking back it is impossible not to be struck by what resulted from that exhibition. The Garden, I suggest, was a watershed, affecting our attitude to historic gardens, their maintenance and restoration, and giviog impetus to the academic status of garden history.

We can pinpoint this by looking at recent publications. Although The Garden History Society was founded in 1965 and had pioneered the subject, its magazine was until 1981 an impoverished typescript with smudgy plates. Now it is a properly printed journal with a high quality content. The level of scholarship rose as the work of an enthusiastic younger generation made itself felt.

In the same year the Journal of Garden History emerged, a quarterly edited by an important garden scholar, John Dixon Hunt. That publication brought together scholars from Europe and the U.S. in the first organ to establish garden history as a serious academic discipline.

That has not been easy, for it is an interdisciplinary subject embracing art, literature and science. What is noticeable is that horticulturalists have stood back and ignored this invasion of their domain. The thrust has come from literary historians above all, closely followed by architectural historians who realise that what was done around a building was as important as the building itself. It is interesting to note that Mark Girouard, when he reissued ao updated version of his 1960s book on the Elizabethan architect, Robert Smythson, was berated by critics for totally ignoring them.

The production of books on garden history has also increased, with studies on figures as varied as Le Nostre and Bridgeman as well as documented surveys of whole periods. More significant, the sources of garden history have been made available through reprints. The series, *The English Landscape Garden*, makes accessible sources as varied as Didymus Mountaine's *The Gardeners Labyrinth* (1594) and J. C. Loudon's *The Suburbon Gardener and Villa Companion* (1838). On all sides archives are being ransacked for manuscript material.

All of this must have an impact on existing historic gardens. English Heritage has started listing those worthy of maintenance and preservation with an eye towards tax incentives from government. The recently formed Painshill Park Trust is evidence, too, that the gradual erosion and decay of an important garden complex is an emotive public issue. The restoration and re-creation of Charles Hamilton's Painshill symbolises the swing of the pendulum. It will not be long before we can stroll through this again, admiring the set pieces of the picturesque scene embracing hermitage aod grotto, gothic gazebo and Turkish tent.

Similarly the unique gardens in the French formal manner at Chevening, where the hedges which originally emphasised the grand *allées*, have been partly replanted. But there the impetus to complete the restoration has been lost which indicates the problems attendant upon historic garden restoration and re-creation. This is a subject in its infancy with few if any recognised guidelines, but I sense it is heading fast towards the battlefields one associates with country house restoration.

The interest in garden history has had an effect on contemporary garden design. Although the Royal Horticultural Society ignored the early phases of this development it is notable that during the last two or three years a number of articles on aspects of garden history has appeared in the Society's organ, *The Garden*.

Furthermore, the study of the past has led to a revival of the formal garden. Nurseries can hardly produce enough box and yew and the Chelsea Flower Show boasts a stand with topiary. Few things have given me more pleasure than being told that my book, *The Renaissance Garden in England*, was a significant influence upon this revival.

Country notes

Seen—and herd

IF YOU have been considering a radical change to your garden, I can suggest a herd of cows to help with the initial alterations. This is to put as positive a light as possible on an experience this week which, besides leaving my lawn and garden a scene of devastation, will also be recalled as one of the uncertain moments in my marriage.

Our house is in the middle of a deer park which is currently also a maternity ward. About 30 cows, each great with calf, tug at the grass around the perimeter fence which surrounds the house and garden. Then there is the gate.

The gate, wrought iron, is held in place with a loop of rope which slides over a post. It is quite possible the cows may have been noting the fastening technique with the rope as they thought of ways to supplement their diet during the final weeks of pregnancy. The more likely explanation, to my burning shame, is that I left the rope insecurely fastened on Tuesday evening when I went out.

Over the next three hours, seven tonnes of gardening staff moved in. The rest of the family were asleep and quite used to cows moving near the house. On my return I thought at first that only two or three beasts were in front of the house, working their way through the rockgarden.

The true horror emerged when I heard a bellow of triumph from one of the 13 cows which had discovered some delicacy or other in the back garden. I made the mistake at this point of informing my sleeping wife of the nature of the problem as I ran indoors to grab a torch.

I despatched the first two from the front of the house with little trouble but the ladies in the back were a different matter. Using the torch, I tried to coax them one by one between the hedge and the house and out the gate. Some were co-operative, almost appreciative. (Given their ante-natal condition, with one and sometimes two 100 lb calves in their tummies, it was not clear how they got through the gate in the first place.)

A cluster refused to move from a corner near the fallen washing line post so I turned to half-a-ton of bovine crossbreed trying to make herself scarce behiod a thin shrub. Two further cows were comparing notes on the foliage down by a disused henhouse.

It was no use threatening them with the EEC dairy quota restrictions which have thinned Britain's dairy stocks — these were breeding cows working for the beef mountain. The two at the back ignorred my attempts to direct traffic along the patch and walked instead straight through a hedge towards the gate, passing my wife at the door where she was staring in disbelief.

Leaping about like a goblin with my torch, I eventually shifted the cluster in the corner but only after they had criss-crossed the damp lawn about 10 times before finding the exit. On the way a brown cow (the others were black-and-white) wrong footed me, as it were, and left a new pair of shoes in serious need of attention. But there was no time to stop, they were nearly all out; a final chase and the last intruder squeezed through the gate.

The lawn looked like a rugby pitch after a fierce match in the rain. The vegetable patch, a modest affair, was flattened along with the rabbit fencing protecting it. The rock garden had been rotavated and my name was mud. The froot door had been closed and bolted.

Mark Meredith

Collecting

Visitors who left the right image

WHILE the prices of old classic photographs continue to rise, one rewarding field still remains surprisingly accessible to the tyro collector of modest means. Partly because they survive in such vast numbers, and partly because their small negative size generally excludes them from the category of fine prints, the *carte-de-visite* photographs of the 1850s and 1860s remain relatively easy to find and cheap to buy.

Photographs of the *carte-de-visite* format — a 2¼ in x 3½ in print, mounted on a 2½ in x 4 in card — continued to be produced up to World War I, but the great vogue for the *carte* lasted barely a decade, from the mid-1850s to the mid-1860s.

The name *carte-de-visite* originated with a suggestion early in the 1850s that, instead of regular visitiog cards, callers might leave their photographs at the houses they visited. For formal calls, it was proposed, "the visitor should be represented wearing gloves, the head bowed in greeting, as social etiquette requires; in bad weather he should be shown with an umbrella under his arm; for farewell visits, a portrait should be furnished in travelling costume."

Fortunately, there is no evidence that anyone ever was vulgar enough actually to adopt the habit but the idea of small, inexpensive photographs caught on. If not the actual inventor, the greatest populariser of the *carte-de-visite* was a Parisian photographer, André Adolphe Disdéri. A prototype of the Second Empire *parvenu*, Disdéri rose from origins as a modest provincial photographer to be a Parisian celebrity, famous for his wealth and extravagance, with establishments in London and Madrid.

Disdéri made the most significant step in the development of the *carte-de-visite* when in 1854 he proposed a camera that would take 10 (later the number was reduced to eight) portraits on a single plate. There were to be many variants of the *carte-de-visite* camera, either using multiple lenses or a plate that moved between exposures.

Disdéri's greatest good fortune was the patronage of Napoleoo III, who had a precocious awareness of the value of media publicity and encouraged the wide distribution of photographs of himself and his family. Across the Channel, Queen Victoria also was besotted with the *carte-de-visite*, and enthusiastically presented aod demanded them: a lady-in-waiting complaioed that the Queen had her "writing to all the fine ladies in London for their and their husbands' photographs. I believe the Queen could be bought and sold for a photograph."

By the early 1860s, any and every celebrity whose likeness would sell was inveigled to pose. Writers, painters, poets, politicians, actresses, sportsmen, even freaks and criminals, joined the royals in the photographers' windows. The all-time best-seller was reckoned to be Downey's portrait of the Princess of Wales with baby Princess Louise, which sold 300,000 copies; but such a favourite as the Lilliputian wedding of General Tom Thumb and his diminutive bride, Lavinia Warren, must have run it very close.

Not ooly the celebrities of the day but also the man in the street, together with his wife and children, rushed to be recorded in this inexpensive style of portraiture (the top photographers charged a guinea for a dozeo prints).

The *carte-de-visite* craze produced associated industries. There were specialist suppliers of studio accessories—head-rests to help the sitter maintain his pose throughout the long exposure periods of the day; extravagantly ornamented prop furniture; and the backdrops of rustic, mountain, nautical and other scenery, which became more elaborate and usually less appropriate as the century wore on.

For the consumer market, there was a flourishing manufacture of photograph albums, frames and other equipment for the storage and display of photographs. In her scholarly new book *A. A. E. Disdéri and the Carte de Visite Portrait Photograph* (Yale, £30), Elizabeth Anne McCauley discusses the role of *carte-de-visite* albums as new domestic icons for the Victorians—icons which, with their constant reminders of the passage of time and the dear departed, were "mortal and provoked nostalgia rather than inner peace."

Ms McCauley is particularly stimulating in relating the *carte-de-visite* to the social life of the Second Empire; and in tracing the interaction of paintiog and photography. She demonstrates the extent to which the young Degas, Renoir, Manet and Monet drew upon *cartes* in their portrait work. In a field where literature is plentiful but good books are rare, her work complements William C. Darrah's standard *Cartes de Visite in Nineteenth Century Photography* (1981) as a principal source for collectors.

With his main problem the over-abundance of collectable material, the collector must carefully define an area of interest. *Cartes* may be collected for the work of particular photographers; for their documentary interest either as portraits or, more rarely, topographical records; or even for the charmingly printed insignia on the back of the cards.

A few favoured *carte* subjects are beginning to move into three-figure prices: these include, for instance, portraits of I. K. Brunel posing dramatically on the deck of his "Great Eastern," or Matthew Brady's records of Lincoln and Civil War generals. Generally, however, *cartes* are still generally sold as collections in albums, representing unit prices from a few pence to a few pounds according to the quality of the contents.

Janet Marsh

CHESS

LAST month's Interpolis Insurance grandmaster tournament at Tilburg, Holland, achieved a high category-15 status with an average rating of 2603 for eight participants; but this strong event will be remembered more for its medical bulletins and its protests than its chess.

After five rounds, Tony Miles injured his back. Doctors advised him to lie stomach-down on a hospital massage table while he played. At this point Miles was doing badly, and none of his rivals objected; mounted on his table, he won four games in a row and advanced from last to first in the standings. Korchnoi blundered a piece in elementary fashion; Polugaevsky had a touch and move dispute with Miles during play.

A four-man deputation then asked for removal of the "distracting" massage table although Jan Timman, the Dutch No 1, who played through Phillips and Drew 1982 in London with a leg in plaster, refused to join the protest. The organisers compromised by moving the table to a side room (shades of Fischer and Spassky at Reykjavik); but Miles's next opponent, the Russian Romanishin, would not play separately from the other GMs. After further argument, the massage table was restored to the main hall.

A fresh compromise then allowed Miles's remaining opponents the right not to sit opposite him. One GM made all his moves standing up; another prearranged a quick draw with a bizarre opening; a third organised his own special table.

These antics, and the continued physical handicap, did not prevent the British GM sharing first prize: Miles, Korchnoi and Hubner 8½/14, Ljubojevic 7, Timman, Polugaevsky and Romanishin 6, Dzindzihashvili 5½.

White: R. Hubner (West Germany). Black: A. J. Miles (England). Sicilian Defence (Tilburg 1985).

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-KN3; 6 B-K2, B-N2; 7 0-0, 0-0; 8 B-K3, N-B3; 9 N-N3, B-K3; 10 P-B4, Q-B1; 11 B-B3, B-N5; 12 N-Q5, BxB; 13 QxB, NxN; 14 PxN, N-N5; 15 Q-K4, N-R3; 16 P-B3, Q-B2?

So far, normal play, but the routine queen move concedes the king's side to White. Instead 16...Q-KB4; 17 QxQ, PxQ; 18 N-Q4, BxN; 19 BxB, N-B2 looks safe.

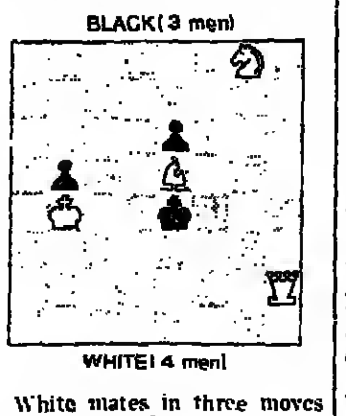
17 QR-K1, QR-K1; 18 P-B5! N-B4; 19 NxN, PxN; 20 R-B3, PxP; 21 Q-KR4!

After Black's lapse, White can mobilise his full strike force against the kiog.

21...Q-Q3; 22 B-B4, Q-QN3; 23 R-R3, P-KR3; 24 R-N3, K-R1; 25 R-K6! PxR; 26 BxP, P-B5 ch; 27 K-R1, Resigns.

PROBLEM No. 587

BLACK (3 men)



WHITE (4 men)

White mates in three moves against any defence (by G. Szabo, 1888). With so few men this counts as a miniature problem; but the variety of plausible white tries makes it far from easy to solve.

Solution Page XVII

Leonard Barden

BRIDGE

TODAY'S hands might be filed under "Earning the bonus." We start with a small slam:

N
♠ A 8 4
♥ K 8 4
♦ A J 10 8
♣ K Q 5

W
♠ K J 8
♥ Q J 10 2
♦ K 9 3
♣ 8 7 6

E
♠ Q 10 7 5 3 2
♥ —
♦ 7 5 4 2
♣ 9 4 3

S
♠ 6
♥ A 9 7 6 5 3
♦ Q 6
♣ A J 10 2

North dealt at game to North-South, and opened with one no trump. South forced with three hearts, and North rebid three spades. This is the economical cue-bid, accepting hearts as trumps and showing the spade Ace. South said four clubs and North said four diamonds. With nothing more to show, South rebid four hearts, but North jumped to six hearts. This was doubled by West, and all passed.

Had West kept his mouth shut, the contract would almost surely have failed but, alerted by this senseless double, the declarer placed West with all four missing trumps, and planned a trump endplay.

Winning the club lead with dummy's Queen, declarer cashed the spade Ace and ruffed a spade in hand. After running the diamond Queen, South finessed the diamond ten and cashed the Ace, throwing his ten of clubs. The nine of spades was ruffed and the King and Ace of clubs were cashed. The heart five was covered by ten and King, East showing out, and now the eight of hearts was returned to the Knave. West was endplayed, and forced to lead from his Queen and two of trumps into declarer's Ace and nine.

If West does not double, South can still get home by winning the club lead in hand, leading the heart three and finessing dummy's eight if West follows with the two. But that does not excuse the double.

Now for a grand slam:

N
♠ J 8 5
♥ A Q J
♦ A 8 4
♣ A 8 6 5

W
♠ K Q 10 9
♥ 5
♦ Q J 6 3
♣ 10 9 4 2

E
♠ 7 6 4 3 2
♥ 7 3 2
♦ 10 7 5
♣ J 7

S
♠ A
♥ K 10 9 8 6 4
♦ K 9 2
♣ K Q 3

With both sides vulnerable, North dealt and bid one no trump. South said three hearts, and North rebid four clubs. South now said four spades, North five diamonds, and South six clubs. North thought he had heard enough and jumped to seven hearts. When West led the spade King, South could see 12 tricks, and a 3-3 break in clubs could yield the 13th.

Winning the spade King in hand, South drew trumps in three rounds, west throwing the spade nine and the diamond three. On the King and Queen of clubs East followed with seven and Knave. West must thought South have a 4-1-4-4 hand pattern. He could, therefore, be squeezed in the black suits.

Cashing the Ace and King of diamonds, South now ran two more trumps, leaving a three-card position in which West held the spade Queen and the ten and nine of clubs. The last trump brought pressure to bear on West which he could not withstand. He had to set up dummy's spade Knave or the club eight for the declarer's extra trick.

E. P. C. Cotter

Education

Uncle Sam moves in—by degrees

British universities aren't the only way to get a degree, as our Education Correspondent explains . . .

ASKED to pinpoint the nearest self-contained U.S. university, most British people would frown and try to recall the map of America's east coast. They would be 3,000 miles out.

The nearest is Richmond College, with two campuses in the London area. One, in the Surrey town from which it takes its name, accommodates students in the first two years of their four-year bachelor degree courses. The other, for more senior students, is in Kensington.

The degrees are accredited, aloog with those of many other self-supportiog American universities, by the Middlestates Association of Schools and Colleges. More than 320 of Richmond's 826 students are U.S. citizens, but it is headquartered and operates entirely in Britain.

It offers one of several independent routes to a degree for students unable or unwilling to enter a UK university or polytechnic—always provided they can find the money. At Richmond, the annual costs are £4,000 for tuition, £1,500 for room and board during the two 15-week semesters, and about £500 for extras including textbooks.

The chance to take a regularly accredited U.S. degree is available at other colleges in Britain but, unlike Richmond, these tend to be offshoots of universities operating mainly in America.

One is Harlaxton College, about two miles from Margaret Thatcher's childhood home of Grantham, Lincolnshire. A branch of Evansville University in southern Indiana, it has 160 students, three-quarters of them on study secondments of up to a year from the main campus in the U.S. Although two versions of the Evansville four-year degrees—in archaeology and British studies—can be taken totally in the UK, Harlaxton prefers students to spend at least a year at the parent university.

Fully residential, the college charges £5,200 a year for tuition and board. Extras, includiog frequent study trips in Britain and to Europe as well as books, cost up to £2,000 more.

Compound with the entry qualifications for UK universities, those required for the American batchelor degree courses are less demanding. British students can start with only five GCE Ordinary-level pass grades. But the colleges prefer candidates who have taken Advanced levels.

The U.S. degrees are more general — usually covering a number of academic subjects—than their conventional counterparts in Britain. But new ground has been broken here by the University of Buckingham, which is independent of the state system and has its own royal charter to award degrees.

Its bachelor level courses include combinations of subjects such as history, politics and English literature and take only two years of 40 weeks each. They start in January although students concentratiog on law, who make up about half of the 570 undergraduates, can opt for an alternative starting date in July. Annual fees are £4,960 for tuition, plus £30 to £40 a week for accommodation if required.

As Buckingham has a royal charter, British students gaining a place there are entitled to state grants covering about one-third of the tuition fees and, on a means-tested basis, to help with living costs. But the minimum qualifications for entry are two A-levels.

For candidates with two A-levels, another independent option is to take London University external degrees. Courses for these are offered by private institutions such as University College, Buckland, 10 miles from Oxford. It has about 100 students (about equal numbers of men and women) mostly studying law although history, English, French, German and philosophy are taught also. The inclusive fee for tuition and boarding for 30 weeks a year is £3,900, with about £500 for extras.

While there is no lack of independent routes to a degree it is, however, essential to check carefully before starting one, says Richard Leathes, a senior consultant with the Gabbitas-Thring Educational Trust in London. He warns that a good many fee-charging courses have only bogus degrees at the end, especially those originating in the U.S.

Before signing up with an American college, in particular, it is best to consult the U.S./UK Education Commission, 6 Porter Street, London W1, telephone 01-486 7697.

Lucia van der Post reviews four lifestyles in fashion

Co-ordinates cut a dash

OUT IN the high steet the regiments are lining up. No holds are barred in the battle of the hemlines; honours go to those who judge it right most often. Never before bave so many tried quite so hard to grab the attention — and the cheque books — of such a finely targeted segment of the market.

It is hard to remember today, as Country Casuals and Next, Richards and Principles clamour for our custom, that once upon a time there was a gaping gap between the sensible, good-value clothing of the chain-stores and the subtly co-ordinated, put-together looks proferred by designer names.

Coats Patons first made a dash for the gap. Through its up-market Jaeger chain, Coats Patons had perceived that there must be a large potential market in supplying a more affordable Jaeger "look" for those who aspired to its style but could not pay its prices. So, 12 years ago, Country Casuals were born.

It offered a selection of separates, all of which could be co-ordinated to create a look at once "all of a piece" without looking too carefully "mixed and matched." This may sound obvious now, but then the concept of "life-style" merchandising, a total fashion look at affordable prices, was revolutionary.

Country Casuals had a comforting air of respectability which seeped over from its Jaeger links; reassurance for those who had neither the flair nor the confidence to put their own look together from the confusing plentitude of the multiples. If lately it bad begun to look a little dull, if its respectability had begun to seem a trifle old-fashioned . . . well, there wasn't too much competition around.

Along came the energetic Mr George Davies, chief executive of J. Hepworth, an instinctive retailer with a real feel for what the market wants, who saw yet another gap: the chain-store customer who wanted a designer look; a total fashion concept to simplify her choice. Next took off like the proverbial rocket.

Less sedate than Country Casuals, Next offers a stronger, more high-fashion look. Its supporters love it for its certainty, its confidence, the ease with which the components of a prevailing look can be bought under one roof. Its detractors claim that the Next customer is prone to look like a fashion clone; instantly recognised; pigeon-holed.

With Next and Country Casuals in the field the whole market began to expand. What had once been, reportedly, a £200m a year market seemed to have almost limitless possibilities. Today figures like £500m are bandied about.

No wonder Habitat/Mothercare and Burtons both began to have designs on such a lucrative area. Burtons' Principles came along just over a year ago, now Habitat/Mothercare is attempting to create an enticing new Richards chain from the doldrums of the old Richard Shops.

For the moment there seems to be plenty of business to go round. There is a retailing boom on: all the chains report that they are doing well (though only the open Mr George Davies would reveal figures).

For the customer, though, it all spells good news. It is easier than it has ever been to find a look and a style in one brief shopping trip. Prices are good — the kind of value that is only possible when a certain volume is generated.

Which chain is for you is a matter of personal choice. Here is my assessment of what each has on offer this autumn.

Country Casuals: Much better colours than in previous years, with some particularly lovely combinations of navy and mustard and subtle print combinations of paisley with tartans. Some lovely shawls and scarves. Less of a high fashion image; more of a gentle femine look.

Next: Way out ahead when it comes to accessories — I know of nobody to beat them when it comes to shoes, handbags, and belts; these put the other chains to shame. Some marvellous high-fashion clothes if you don't mind others recognising a wonderfully punchy yellow or that bright pimento orange.

Principles: I would go for some of its understated classic lines — well-cut trousers, a marvellous cashmere coat. These have a kind of anonymous classic look which means they can be teamed with all manner of other separates. Blouses look wonderful from afar but come in disappointing fabrics.

Richards: It is early days, so it may be harsh to judge so soon. But Richards seems to have farthest to go. Neither very cheap nor yet high fashion, the chain seems to have most to offer the younger, working girl who cannot afford to update a wardrobe very often. Dreadful shoes and accessories but there is one smashing pure wool tartan dress priced under £60.

All wool paisley pleated skirt, £47; wool mixture sweater, £29; paisley printed shawl in pure wool, £21.50

COUNTRY CASUALS was launched in 1973; it is the mother of the new breed of smaller shops offering co-ordinated separtes. There are now 125 shops (50 "stand-alones", in the trade parlance, and 75 shops-within-shops) in the group. The concept, 12 years ago when the chain was launched, was to cater for the woman who aspired to the Jaeger style but could not afford Jaeger prices—in other words, to provide a quality, co-ordinated look at an affordable cost.

The Country Casuals style today seems to be softer, prettier, less urban than its rivals. The name alone sets an image which looks not just to the working woman but to the wife and mother in her home and domestic life, whether she works or not, whether she lives in town or country.

Country Casuals customers are nothing if not loyal, and this in itself is something of a constraint — how to move forward without frightening them away is a dilemma all retailers with a faithful following have to face.

The clothes offered seem to veer rather more to classic than high-fashion, and the prices are, on average, slightly higher than the other three. You could probably buy a complete outfit for something like £90 at Next; at Country Casuals it would probably be more like £120.

The look this autumn: Country Casuals' biggest hits have been the Paisley collection, the "Chanel" suit, and a classic Donegal tweed jacket. Colours are much more sophisticated, and an increasing range of accessories like shawls, scarves, necklaces, bracelets, silk bow ties, felt bowlers and cloche hats, adds up to a much more complete look for those who like these things made easy.

Camel cashmere coat with black velvet collar, £9.99: new supplies coming soon. Wool trousers, £26.99; white polyester shirt, £16.99

PRINCIPLES is another of the bright new chains. Its first shop opened in September last year; today there are 75 branches, and by Christmas there will be 100. It belongs to the Burton group, and so far its main thrust has been out of London (the Putney High Street branch is the one and only London store).

Principles aims, it says, at the 25-45-year-old woman who wants stylish clothes at moderate prices. It aims to be different by offering a quieter, more comfortable ambience than some of the busy smaller shops —there are individual changing rooms, gentle décor, and brochures to show customers how to put the look together.

Its handwriting is less strong and less easily recognised than that of Next. Clothes veer more towards the classic and are probably easier to team with the rest of an existing wardrobe. Conversely, they seem therefore to be less fun, witty or avant-garde.

It seems to have much for the working woman, with plenty of classic trousers, jackets and long-length skirts.

The look this autumn: the out-and-out success of the season has been camel cashmere (80 per cent) and wool (20 per cent) coat, classically cut with a dark velvet collar. This is already temporarily out of stock. (New supplies are on the way.)

Barbour

I RECENTLY reported on what the well-dressed shooting fraternity were wearing and in the article used the word "Barbour" generically. This has brought a sharp reminder from J. Barbour and Sons, the manufacturers, that Barbour is a proprietary word and is its trademark. So, if anyone was thinking of borrowing the name—don't.

From the new Beatnik range: fake fur jacket, £49.99; hat, £9.99; lambswool sweater, £17.99. There is a co-ordinating cord skirt at £21.99

NEXT OPENED its first shop in February 1982. It was an almost instant sucess; by the summer of that year there were some 70 shops. Today there are 214, turnover is about £120m a year, and George Davies, main inspiration behind the shops and chief executive of J. Hepworth, believes that when the 20 projected shops on the drawing board are opened, the group will be near optimum size.

What Next does so spectacularly well is to offer a co-ordinated look to those who may be unsure of how to put it together themselves. You can always find the sweater or a shirt that goes with the skirt, the coat that goes over the whole outfit, and nowadays there are shoes, hand-bags and belts to provide the finishing touches.

It offers perhaps the highest fashion profile of the four groups, and it aims always to lead the customer onwards—but not so fast as to lose her. Next is probably quickest off the draw at translating current designed looks into affordable clothes. In price terms it seems to be more of a rival to Marks & Spencer then Jaeger.

Next's line this autumn majors strongly on the riding and the tailored look: back-buttoned Huntsman coats; stock-tied blouses and jodphur-style trousers—not quite in the Ralph Lauren class, but an awful lot cheaper. Go to Next, too, for the glossy leather boots, the big overjackets and baggy trousers. Alternatives—a Beatnik look, harking back to Brigitte Bardot, Juliette Greco and all that Rive Ganche nostalgia.

From the Connemara range: pure wool double-breasted jacket and fully-lined skirt, £69.99, with ¾ length tweed jacket, £69.99. Tie-neck blouse, £17.99

RICHARDS is the newest arrival on the scene and therefore the hardest to assess. Out of the ashes of the old, depressing Richard Shops (which since its heyday in the late 1970s had deteriorated into a chain with no personality, offering nothing but low prices) Habitat/Mothercare, which acquired the group in 1983, is attempting to make the chain a real alternative to Next et al.

So far, under the direction of Tony Stafford, there are 105 new-look Richards with another 22 opening by November 14th, and yet another 23 scheduled by next May.

It is early days yet and the first summer collection seemed to me frankly, very disappointing, with shoddy fabrics and unappealing colours. Autumn looks much brighter: the first glimmer that it might become a chain to be reckoned with.

Like most of the other chains, it sees its customers primarily as those who want a more fashionable look than that offered by Marks & Spencers, but who have no more to spend. Prices are, therefore, extremely good. The target customer is described by Tony Stafford as the "discerning woman aged between 25 and 45."

If that seems a little vague, a glance around the shops reveals at once that it is much less finely targeted than the Next operation. The Richards customer, it appears, goes for a fashion profile somewhat ahead of M and S but less sharp than Next. She seems to be a middle-of-the-roader who wants a moderately fashionable look—that all her friends won't recognise—at very middle-of-the-road prices.

High street wines

Fruit of the chain to sample

UNTIL fairly recently, Tesco lacked the positive reputation for wines enjoyed by several other grocery chains; but with an energetic buyer, acquired from Sainsbury's, this now has changed. It has 350 licensed stores and 70 hold the whole range of about 150 wines, including a Fine Wine list that ranges from *cru* beaujolais to classed-growth claret. It sells 2m cases of wine a year.

I was interested mainly to taste its everyday wines and sampled around 25, picking out the following for their quality and value for money. When comparing prices it is worth noting whether the bottles contain 75cl or the bastard size of 70cl, introduced about 15 years ago by the trade in order to give a false impression of low prices. The EEC should ban it. All the wines here are non-vintage unless otherwise indicated.

White

Bianco di Custoza (70cl, £1.95). This dry white wine from a very small DOC district near the foot of Lake Garda has a "pear-drop" bouquet and a good deal more flavour than many Italian whites.

Alsace Gewurztraminer (75cl, £2.85). With a typically spicy aroma, this example has the advantage of having neither too insistent a flavour nor one that is too "fat." The only wine for smoked foods.

Saint-Edmund (70cl, £2.85). This Suffolk growth, a blend of 1983 and 1984, has some sulphur on the nose, but is full-bodied for an English wine. Fairly sweet, it is produced partly from the Huxel grapes rather than exclusively from the over-soft Muller-Thurgau that dominates many English wines.

Riesling (70cl, £2.09). This has a fine Riesling bouquet and a fruity flavour that could be a little crisper, but has some acidity. Good value for an authentic Moselle Riesling.

Ch. du Bourdac, Graves, 1982 (75cl, £2.45). This is a discreet wine of no great character, although enough flavour to lift it above the ordinary run of dry white Bordeaux. A good accompaniment to fish.

RED

Casteller (70cl, £1.89). This is an engaging light DOC red wine from the Trentino. With a fresh aroma and flavour, it goes down easily without call for much consideration. Certainly good value.

Chianti Classico Riserva 1983 (75cl, £2.29). With a "cigar-box," cedar-wood aroma, a strong flavour and lots of acidity, this is a wine for strongly-flavoured dishes.

Nebbiolo (70cl, £2.40). The colour is unusually light for this essential Piedmont-grape wine but the bouquet is typically strong and the flavour, too: a mouthful of wine.

Bergerac Rouge (70cl, £2.15). With basic Bordeaux Rouge now increasingly expensive, owing to the short 1984 crop, these light red wines produced almost next door are attractive alternatives made from the same grapes. This one is light in colour, but has a fruity aroma, and a certain firmness, owing probably to an infusion of the Malbec grape.

Claret (70cl, £2.25). With good colour, a real claret bouquet and well-balanced taste, this is good value for those who appreciate red Bordeaux's special quality.

Cahors (70cl, £1.90). From the Caves d'Olt co-operative on the Lots, this has the usual big colour, strong aroma and powerful flavour, but is less tannic and mouth-puckering than many from this area.

Bourgogne Rouge (70cl, £2.99). It is not easy to find a basic red burgundy of any character at a reasonable price but this, light in colour, has the authentic and slightly suave bouquet plus a soft, long flavour. Good value for the real thing.

Rioja Reserva, 1978 (75cl, £3.15). Very oaky on nose and palate and seductively easy to drink: but is the oak too dominant at the expense of the fruit?

Syrah, Vins de Pays des Collines Rhodaniennes (70cl, £1.95). If the name is long, so is the flavour, with the powerful Syrah aroma. For those who like a strong-bodied wine.

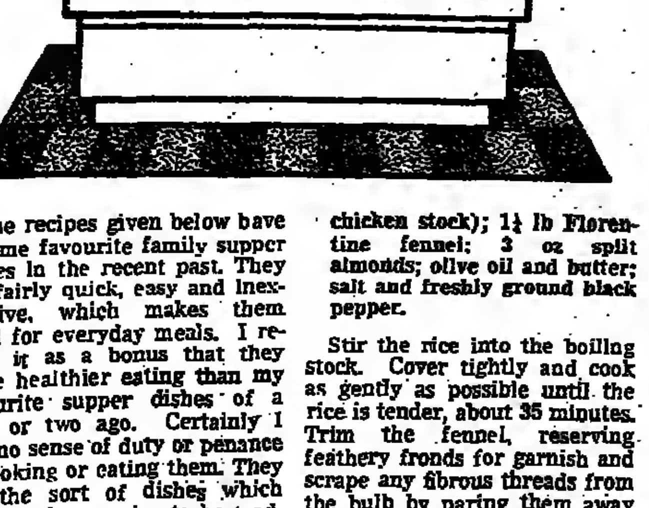
Ch. de Domazon, Côtes-du-Rhône, 1979 (75cl, £3.09). Very big colour and a bouquet that, to me, recalls bananas. A rich, round wine of class that should surely develop further, with a good proportion of Syrah. Good value.

Gigondas, Ch. de Montmirail, 1982 (75cl, £3.99). Softer than the Domazon and probably at its peak, this is a very well-made wine, easy to drink and coming from the best of the Côtes-du-Rhône villages.

Edmund Penning-Rowsell

Cookery

Tastebuds trained to better health



WHEN I first started to cook with brown rice I confess I did so more for reasons of would-be virtue than from any real sense of pleasure. Brown rice seemed then a jaw-achingly chewy grain, and faintly penitential. I still choose white rice when I want a bland, discreet background against which to show off rich foods (brown rice has too much character to play second fiddle very successfully) but brown rice has now become the norm in my cooking. I love it, and would describe it as being agreeably nutty and mealy in character.

Why this change in perception? The truth of the matter, I suppose, is that, spurred on by increasing awareness of the importance of sensible eating I have deliberately tried to retrain my tastebuds towards a more wholesome choice of foods. I have gradually cajoled myself, first into accepting, and then into appreciating, the tastes and textures of more fibruous, less refined foods.

Rice is very much a case in point. Brown rice is higher in dietary fibre (and slightly lower in calories) than white rice. In acquiring the taste for brown rice I soon found it important to avoid using it where its character would dominate or clash with other ingredients in a dish. I gradually became more adept at using it in dishes where it played a seemingly natural and complementary role.

The recipes given below have become favourite family supper dishes in the recent past. They are fairly quick, easy and inexpensive, which makes them ideal for everyday meals. I regard it as a bonus that they make healthier eating than my favourite supper dishes of a year or two ago. Certainly I feel no sense of duty or penance in cooking or eating them. They are the sort of dishes which show off brown rice to best advantage and they should help to make brown rice converts of white rice fans.

FENNEL & ALMOND PILAF
(serves 4 or more)

½ lb long grain brown rice; about 1½ pt stock (prefarably chicken stock); 1½ lb Florentine fennel; 3 oz split almonds; olive oil and butter; salt and freshly ground black pepper.

Stir the rice into the boiling stock. Cover tightly and cook as gently as possible until the rice is tender, about 35 minutes. Trim the fennel, reserving feathery fronds for garnish and scrape any fibrous threads from the bulb by paring them away with a potato peeler. Cut the flesh into bite-size chunks and fry them gently in a little butter and olive oil for 10 minutes or so until nearly tender.

Add the almonds to the frying pan and fry over increased heat, stirring and turning the ingredients fairly frequently, until both fennel and almonds are streaked with gold. Season well with salt and pepper.

Add the cooked rice and draw the pan away from the heat. Toss to mix the ingredients well, adding a small lump of butter to enrich them deliciously and garnish with the choped fronds of fennel.

FRESH HERB KEDGEREE
(serves 6 or more)

12 oz long grain brown rice; 2 oz butter; 1½ teaspoons mild curry powder; 1 small lemon; about 1½ pt salted boiling water; 1-1½ lb smoked haddock (filleted weight); plenty of fresh chives and parsley; 2 hard-boiled eggs (optional); salt and freshly ground black pepper.

Melt half the butter in a heavy-based pan. Add the curry powder and stir until it is aromatic. Add the rice and stir until it glistens. Add the lemon juice and the salted boiling water and stir once. Cover the pan tightly and simmer gently until the rice is cooked, about 35 minutes.

While the rice is cooking, prepare the fish. Put it into a pan, just cover with cold water and bring to simmering point; simmer for one minute, cover with a lid and set aside for 10 minutes.

Chop lots of parsley (enough to come up to the ½ pt level when packed fairly tightly into a measuring jug) and a similar quantity of chives.

Drain the fish. Skin, bone and flake it. Mix it with the chopped herbs and fold gently into the cooked rice. Add the remaining butter cut into tiny dice. Season with plenty of pepper and a little salt.

Sprinkle chopped hard-boiled egg over the top if wished, and serve straight away on very hot plates.

Philippa Davenport

Churchill in eyes of aide

THE FRINGES OF POWER: DOWNING STREET DIARIES 1939-1955
by John Colville Hodder and Stoughton £14.95, 796 pages.

WHAT A good thing that people of sense occasionally break unenforceable rules. Diaries were forbidden to thosa in official positions during both world wars. Haig in the first, Alanbrooke in the second disobeyed orders to the great advantage of history. Sir John ("Jock") Colville, Churchill's private secretary, followed their good example and is a much more entertaining writer, ranking with Pepys, Greville, Harold Nicolson and "Chips" Channon. He was seconded from the Foreign Office in 1939 to Number 10. He served Chamberlain, Churchill, Attlee (briefly) and Churchill again in 1951-55, until the Grand Old Man finally bowed out and handed over power to Eden. After the farewell dinner party Colville went up with the Prime Minister to his bedroom.

> He sat on his bed, still wearing bis Garter, Order of Merit and knee-breeches. For several minutes he did not speak and I, imagining that ba was sadly contemplating that this was his last night in Downing Street, was silent. Then suddenly he stared at me and said with vehemence: "I don't believe Anthony can do it." His prophecies have often tended to be borne out by events.

They certainly were in this case, and Churchill's uneasy relationship with his second-in-command, largely covered up in their own lifetimes, is among the many interesting features of this book.

Sir John was born and remained in the purple. One grandfather was a Marquis, the other a Viscount. His brother-in-law is a Duke. His parents being younger children were not rich. They had a house in Ecclestone Square and could educate their cbildren at Harrow and Trinity (Cambridge of course) but his mother went to the opera, tiara and all, in an 11 hus and Sir John was constantly adjured to turn out the electric light to save money. Grand connections can be as much of an asset as wealth. Sir John's ability would have taken bim a long way from wherever he started, but it was no disadvantage to begin near the top and to know in his twenties most of the people who mattered. It made for a much more comfortable way of life during his period of chair-borne service in the war. The luxury in which Churchill lived is well known now, though luckily not at the time—multi-course meals champagne, brandy, servants, cigars galore. But it is easy to forget bow well even the non-prime ministerial world lived long into the war if they bad enough resources. One did a good deal better at Chatsworth or Floors Castle than at 1, Acacia Avenue. It was the middle class that felt the impact of war on their standards, not the grandees.

To his credit Sir John took the view that ability and intelligence were not reasons for avoiding active service. He was determined to become a fighter pilot and studied Churchill's *My Early Life* in order to refute the Prime Minister's objectiona to his private secretary "going to war." Churchill gave way. Colville served in the RAF from October 1941 for two years and in the summer of 1944 for two months "fighting leave." Some will call his decision quixotic, most will *say* honourable, to feel, as he puts it "the intolerable position of living a life of pampered ease and comparative safety in the *midst* of all this suffering and danger."

The diariea are a notable piece of "Boswellization." Certain figures possess a unique vitality, eccentricity and power to enbance life, wbicb deserve a detailed record. Most of them do not get it, but occasionally chance and observation, which condition so much of historiography, combine to create an unforgettable description. Sir John was close to Churchill for only a small part of his enormous career but it comprised some of the most memorable years. Tha same is true of Boswell who, as a recent writer has shown, spent surprisingly little time in the company of Dr Johnson. Yet he was able to write an immortal book. One cannot help aeeing some resemblance between the two great men, at least in their table talk. Surely Johnson would have approved of Churchill on food in 1940:

> Almost all the food faddists I have ever known, nut eaters and the like, have died young after a long period of senile decay. The British soldier is far more likety to be right than the scientists. All he cares about is beef . . . The way to lose the war is to try to force the British public into a diet of milk, oatmeal, potatoes, etc., washed down on gala occasions with a little lime juice.

Perhaps, bowever, being a pious Christian, Dr Johnson would not have approved of Churcbill saying, on an occasion when he thought he would soon die, that "the government above" might be a constitutional monarcby in which case there was a chance that the Almighty would "send for him."

The *diaries* are essential reading for anyone who seeks to delve into the very atrange character of one of the most extraordinary of all our Prime Ministers. Despite the author's affection and admiration he does not disguise the difficulty of working for Churchill who was a remarkably selfish and inconsiderate employer, keeping up his sarvants, typists and secretaries to all hours of the night often quite unnecessarily. Throughout his career he had never executed orders, only given them; he thus expected every command to he carried out instantly. Yet he saw no inconsistency in making a major row about the noise of building extensions in Whitehall which he had urgently demanded. One evening in 1940 when he was away, temporarily ill, John Peck, a member of his entourage, composed a "spoof" minute:

> ACTION THIS DAY
>
> Pray let six new offices be fitted for my use, in Selfridge's, Lambeth Palace, Stanmore, Tooting Bec, the Palladium and Mile End Road. I will inform you at 6 each evening at which office I *shall* dine, work and sleep. Accommodation will he required for Mrs Churchill, two shorthand typists, three secretaries and Nelson [his black cat]. There sbould be shelter for all and a place for me to watch air-raids from the roof. This should be completed by Monday. There is to be no hammering during office hours, that is between 7 am and 3 am.
>
> W.S.C.
> 31.10.40

The other members of the secretariat were completely taken in.

Diaries are never the last word on events. Many other sources of hiatory are more important. But the daily journal of an acute observer can give the "flavour of the time" and an impression of personalities unobtainable elsewbere, *especially* if be *is* indiscreet, clever, candid and perciplent. In all these respects Sir John Colville is an undoubted success.

Robert Blake

John Colville (left) with Churchill and colleagues at No 10

Fiction

Journey to a folly

THE GOOD APPRENTICE
by Iris Murdoch. Chatto & Windus £9.95, 522 pages

LET IT be said: Iris Murdoch, single-handed, is keeping up the novel to a standard set by its nineteenth-century masters. Her books, and especially this most recent opus, quiver with confidence for the form. She writes with great verve, miraculously by-passing the tricksy influence of bar fellow hibernian, James Joyce—who instilled in Anthony Burgess, Jorge Luis Borges and a million American copycats, the idea that a novel is nothing but a paper-puzzle, a word-game, a hoax.

The Good Apprentice combines what Miss Murdoch is supremely good at: the bite *of* the philosopher and the dream of the mystic; the twin barbs of intellect and eros. For the identity of the eponymous bero there are two candidates: Stuart, a prig who has walked out of an academic career "to do good," and who embarrasses his family hy being monkish; and Edward, on the cusp of manhood, who drugs his bosom pal, *Mark Wilsden, for a joke* —a joke which goes sickeningly wrong. Mark burls himself, in a parody of *Peter Pan*, from the loft *window*. With this deed *of* violence the story takes wing.

As it is Edward's ecstasy of grief we mostly eavesdrop upon, he is best regarded, what with Miss Murdoch's Paul Dukas title, as the fantasia's main Mickey Mouse. His narcotic trick sets in motion an acceleration of events. Subplots ray out from his plight. His step-father, for instance, is husy cuckolding a Scottish/Jewish psychotherapist. Harry takes Midge on a dirty weekend—only to immobilise his car in a ditch near where Edward is staying. Rich comedy about adultery and hypocrisy ensues.

Harry, baving bad little energy to spare for his children's vexations, barely notices wben Edward, dizzy with guilt and sbame, slinks off to discover his real papa (the sorcerer to whom he'll be apprenticed): the libertine artist Jesse Baltram. Miss Murdoch evidently relished inventing the enchanter's palace. Forming the hulk of the book, lifa in the grotto and wild wood reads like a fairy-tale: we are within a whisper of the surreal.

Details about botany and household routine tug us back to the naturalistic. Edward travels deep into the country, along muddy tracks and bosky paths, to Seegard, an ivy-clad concrete folly. There be meets Mother May, a cool pert chatelaine embodying, like Hamlet's Gertrude, a dangerous mix of high principle and degeneracy. She presides over two flower-maidens, Bettina and Ilona, who tempt and torment Edward, flourishing their virginity like fans.

Edward awaits his true father like a disciple awaiting the redeemer: only he can absolve his sin of "murdering" Mark. What we get is a slice of gothic adventure: Jesse hasn't heen away—he resides in a secret chamber, a pitiful cripple, possibly rendered ill by Mother May, who dispenses potent concoctions of her own devising (a link with Edward's action).

And the novel is packed with links and parallels: as the hero says to himself, looking back over his anabasis, "it's a whole complex thing, interoally connected, like a dark globe, a dark world." There is design amidst the turmoil. The discovery of harmony is an assertion of faith. The real sorcerer, of course, is Miss Murdoch; the dark globe, dark world, is her novel—and how *many* other novelists, in our dour age, are capable of bringing off a happy ending?

Roger Lewis

Iris Murdoch: web of the enchantress

Hands across the channels

TELEVISION TODAY AND *TOMORROW: WALL-TO-WALL DALLAS?*
by Christopher Dunkley. Penguin £2.95, 159 pages.

CHRISTOPHER DUNKLEY'S crisp and chewy Penguin Special has one major advantage over similar studies from tha early 1980s. Dunkley has seen the immediate past, and knows it did not work. The entertainment-led cable revolution bas yet to clamber out of the cot; the ambitious designs for direct broadcasting by satellite stay pinned to the drawing-hoard, unloved and gathering dust. Tomorrow may yet come, hut not until the week after next.

Even so, Dunkley's beart wanders where his head might not. In a fanciful last chapter "AD 2000 and the Birth of Television" be suggests:

> *It could be that we are only just beginning to reach the end of what will be seen as the introduction to television's real history—and an oddly misleading introduction at that. Compared to a mass medium such as print, television is still very young.*

And very different. The print analogy leads Dunkley to prophesy an atomised audience and plethora of producers pushing out their wares much as publishers publish books. But print and television are far apart, both in terms of production costs, and in the essential means of distribution. Certainly at the expensive *Tender is the Night* end of the market, there will never be a plethora of producers, nor a massive increase in wbat new is on offer, no matter bow much the channels of cable or satellite may proliferate.

Viewers' appetites are limited too, as are those of listeners. All of ua with a decent radio could pick up services worldwide, but we choose not to, for reasons both of langnage and of interest. So too with Television. When Ted Turner's CNN round-the-clock news service was piped into Riviera hotels last spring—to tempt the trade — my own straw poll showed a steady decline in interest once the first curiosity has passed. The stuff was too American; not made for us.

In the ultimate Dunkley wishes to:

> *keep the best of what we have got, and add as many as possible of the advantages offered by the new technologies: greater choice, more specialisation, greater convenience in timing and format.*

The core of his survey tells us how the best of what we bave got came about, and how perhaps it is not always as good as all that. BBC mandarins are rightly teased for off-the-cuff alarms about Wall-to-Wall Dallas, a phrase hest forgotten in this of all years. Dunkley also offers a rare and fine defence of wbat is hest about American television—its breakfast programmes, its news budgets, the narrative drive of many of its serials. He seams overfond and overpraising of American television comedy, but comedy of all the stalls in a television marketplace is the one that separates customers most.

The American presence on British television is hut one of many foreign influences. Dunkley omits references to others that arguably will become of increasing importance. Australian film seasons on BBC-2, *Das Boot* on BBC-2, *Berlin Alexanderplatz* on Channel Four. *Heimat* to come on BBC-2, all these show British television casting the net much wider than the Atlantic. In any case no British television professional worth his salt argues for protected insularity. What professionals want, as it says with a pardonable whiff of pomposity in the BBC's Peacock evidence, is:

> *To ensure that what is put before the British public is largely British-made and addresses the British people directly, in terms of what causes them concern, what makes them laugh, and what illuminates their lives.*

How to fund this? Dunkley goes straight to the heart of the matter:

> *Though we pay more for ITV nobody ever complains; it is the size of the BBC's lump sum which offends politicians and pensioners alike. What the BBC needs most in all the world is a means of revenue collection that is as inconspicious as ITV's.*

Prizes for the correct answers?

But are money worries code for deeper dissatisfactions, or even jealousies? In a challenging chapter, Dunkley takes the jeremiahs head-on:

> *Politicians, press, lawyers, police, academics, clergy, the solid centre of the middle-class intelligentsia, all seem more or less inimical to television. Worst of all for the future of the medium is the antagonism not of any particular professional group but of a seemingly large proportion of that band of people known as "opinion formers," authors, journalists, critics, designers, playwrights, publishers, theatre and cinema producers, and so on. It is depressing to find that the very people who should be leading the way in bringing discrimination to the use of this new mass medium are still dismissing it lock, stock and barrel.*

The catalogue should exempt all those authors, directors, designers and producers who work full time in the medium, and those who just dip in and out of it. Bit by bit the nation's elites are giving grudging assent to the medium the public so values as its principal and much-used source of hoth entertainment and information. Some of the critics help change the mood too, not least with hooks like this.

Brian Wenham

Guy Burgess at Cambridge: notorious member of the Apostles

How to gatecrash a Cambridge elite

THE CAMBRIDGE APOSTLES
by Richard Deacon, Robert Royce, £10.95, 214 pages.

A COMPLETE history of the Cambridge society known as the Apostles would be a very interesting book; but for that the writer would need to have long and unrestricted access to the society's records. As these are kept in strictest secrecy, and as the members preserve a code of secrecy about their meetings the difficulties against any outside researcher producing such a work would seem to he insuperable.

Still, Richard Deacon is not the man to be deterred by official secrecy, as his track record of 50 or so books on sensitive subjects, including, most recently a biography of Sir Maurice Oldfield, a former head of MI6, proves; and he has done his best. The result is a rather rickety historical sketch which is always in danger of hreaking down into a string of obituary notices, but occasionally comes to life when the author scores a telling historical point, and on the few occasions when he has succeeded in talking to a member who has been prepared to divulge a hint or two of what occurred at one of the meetiogs.

The society dates from the High Victorian Cambridge of the 1830s when people like Tennyson, Arthur Hallam, Richard Monckton Milnes were up. All three were early members. Edward FitzGerald was not a member surprisingly. One would have thought he was just the type. His great friend James Spedding was an Apostle. Members would meet regularly during term to listen to, and discuss, a paper read by one of their number. No different, you may say, from any other learned essay society at Cambridge, Oxford or any other university. Outwardly no; but the difference lay in the curious mystique of exclusivity and dialectical rigour which soon grew up around these meetings.

Later both Betrand Russell and Wittgenstein were members. The Apostles provided a launching-pad for ideas which might eventually take off and once in orbit revolutionise attitudes. Moreover, wbereas most learned essay societies confine themselves to a particular discipline, the Apostles included members from a wide variety of disciplines and took in an equally wide range of subjects, from the abstruse to the frivolous.

They reached a peak of influence in their impact upon attitudes to sex in the Lytton Strachey period. Links with Bloomsbury were many and firm, not only through Strachey but through Leonard Woolf, Maynard Keynes, George Rylands, Desmond MacCarthy and E. M. Forster. The early chapters of *The Longest Journey* contain more than a whiff of apostolic disputation.

Recently the society has attained an unwelcome notoriety as the revelations about two of its pre-war members, Guy Burgess and Anthony Blunt, put the spotlight of the world's Press upon it. Was there a sinister network involving apostolic homosexuals—the KGB, the BBC, the Foreign and Intelligence servicea? Mr Deacon keeps his head over this and points to the many instancea of patriotic and important work performed by members in the second world war, and to a great many confirmed heterosexuals who have been members. However, those gigantic hlots on the escutcheon remain.

A list of members is provided. Women were admitted for the first time in the 1970s. The *book bears* marks of haste in its composition. On page 100, for example, the author writes Milton when he means Wordsworth.

Anthony Curtis

French minds in the UK

SEVERAL EMINENT French thinkers will he appearing at the ICA in the Mall this autumn in conversation with British scholars. On Friday October 25 at 7.30 Jacques Leenhardt discusses the changing role of the intellectual in France from Sartre to the present day with Gareth Stedman-Jones.

On Tuesday November 5 the linguistic theoretician J-J Lecercle, traces the coocept of *delire* in French philsophy with Jonathan Ree; and on Friday November 29 at 7.30, Jacques Derrida, the leading exponent of deconstruction and one of the most controversial philosophers in the western world, will discuss some of his ideas with Geoff Benoiogton of Sussex University.

Admission to each of these seminars, which are open to the public, is £1.50, bookable in advance from the Institute of Contemporary Arts, the Mall, London, SW1.

Family at flash-point

A FAMILY MADNESS
by Thomas Keneally. Hodder and Staughton, £9.95, 315 pages

HAWKSMOOR
by Peter Ackroyd. Hamish Hamilton, £8.95, 217 pages

THESE GOLDEN DAYS
by John Braine. Methuen, £8.95, 187 pages

HIGH STAND
by Hammond Innes. Collins, £9.95, 336 pages

RED CRYSTAL
by Clare Francis. Heinemann, £9.95, 442 pages

WHAT HAPPENED in Europe less than half a century ago bas not been dealt with by many writers of fiction in English. It was not experienced directly hy English-speaking people and, heing unimaginable and for many unfaceable, demands ambition, imaginative courage, and an unblinking though compassionate eye. Thomas Keneally's *Schindler's Ark* reconstructed a real event in fictional form; *A Family Madness* is wholly fictional, we are told, and it *shows* the *moral* complexity as well as the horrors of the time.

The novel is partly set in Australia today: retrospectively, through diaries, letters and memoirs, in a Baltic state now part of the USSR. Collectively, the Kabbel family is haunted hy its past, its madness explained by what happened to Rndi, father of three children still under his spell, still ruled by his views of hnnour, revenge and violence. Rudi's father was a *minister in Belorussia*, his godfather President of the state. Their batred of Russia and dream of an independent state made it obvious, after the German invasion of Russia, for them to side with Germany. So the lines of battla and of sympathy are "wrongly" drawn from the start. (Is Stalin worse than Hitler? Which horror is less horrible?)

Gradually the moderatea who try to remain humane and save Jewish lives are squeezed hy the hard Nazis—fanatics, time-servers, sadists. Then a pincer movement from the East, invading Russians and their viciously legalised partisans, adds to tha carnage. An innocent Australian footballer who falls in love with the daughter of a family that has known all this has no hopa or future. Though born in Australia, the younger generation is still crippled by its past. Mass suicide is the only answer to the impossibility of their life.

Keneally writes very plainly and gets inside the plainness of working-class Australian life without ever putting a aocial foot wrong or stretching one's belief. At the same time he covers elaborate atate of feeling, guilt and violence, subtle characters like the homosexual Oberführer Willi Ganz, adored by children and subordinates and his Jewish chauffeur, or once-likeable men like the minister Kabbelski, torn between natural decency and an inescapable foulness, outrage outdoing outrage.

In spite of its terrible subject and dénouement the pace is brisk, the tone often amusing, and I found it irresistibly readable.

An extraordinary hrew is Peter Ackroyd's *Hawksmoor*, in which past and present (the early 18th century and today) are also mixed. Half the book is the narrative of Nicholas Dyer, church huilder and Wren's pupil and chief assistant after the Great Fire. This is "period" writing with an extremely convincing *manner*, idiom and tone, as well as spelling, punctuation, capitals in odd places and so on. The other half, the modern, is third-person narrative, starring a detective strangely named Nicholas Hawksmoor, who is investigating a series of murders in city churches, all of them echoing earlier events, today's characters chiming with earlier characters, the churches covering earlier churches, and yet earlier temples, Roman, prehistoric.

As historical reconstruction it is amazing: stylistic pastiche but much more, a re-entry into a past that *is sensorily vivid* and—more important—metaphysically convincing; where the modern world was being formed and proudly felt its own modernity, yet where the enlightened visited Bedlam to have a good laugh at the lunatics. And in modern London (city, river, East End), lying over so much, its own modern savagery barely hidden; vagrants still sleep rough, still form a community of outcasts. True originality, which this novel shows, is of course a product of the mind not a matter for formal oddity; and Ackroyd's bizarre view of life questions the role and generally beld views not just of the novel but of art and history; memory, time and much else.

Beside it, John Braine's *These Golden Days* seems limpid. This sequel *to One and Last Love* takes his narrator ahead several years into an autumnal happiness he celebrates in a lyrical tone that is touching, not sentimental. The barsh observer, the moody sensualist, has mellowed into a participant in the world of others, savouring the joys of belonging where before he described the miseries of exclusion. Tim Harnforth, Braine's novelist bero, bas come to terms with life, with the failure of earlier relationships and the pain of rejection; he no longer needs drink to make life bearable, he loves and is loved, he has in all senses come bome.

Plot, in the sense of complex action, there is none. But there is a story, *present in the doings* of a few days, retrospective in Tim's memory of his past.

Braine has always been specific, with his famous use of brand names for emotional or social purposes, and the sometimes almost absurdly exact descriptions of clothes and ohjects. Now he is equally specific but his exactness is bathed (*not shrouded*) in light, a sunshine of fulfilment that transforms whatever he deals with.

Then two long thrillers, unalike but both solidly plotted and professional. Of the two, Hammond Innes is more than a thriller-writer — a novelist who happens to use stories of physical excitement and danger set *in exotic locations;* and these really work, he puts across the atmosphere and spirit of places as if he had lived there, suffered there something of his characters' experience. *High Stand* is about two natural sourcea of wealth and power, both in Alaska, timber and gold; and another, involved with the Alaskan, cocaine. Perhaps no modern story about money and crime can leave out drugs, today's main shifter of one, inciter of the other. Gripping and, *for all its* far horizons, credible.

Clare Francis's *Red Crystal* is set in more familiar places, mainly London and Wiltshire, but its people are as chilling as the drug-runners. Hers is a tale of terrorists. A present-day version of the Cambridge spies, the Blunts and Burgesses, is the poor little rich girl who naively joins political activists and is drawn, without at first realising it, into murder, terror and anarchy.

Excellent mainstream blockbusting, ideal for taking your mind off the more mundane terrors of travel.

Isabel Quigly

CRIME

BREAK IN
by Dick Francis. Michael Joseph, £8.95, 272 pages.

TRIPLE CROWN.
by Jon Breen. Macmillan, £7.50, 189 pages.

THRILLER WRITERS love to display erudition. A murder story set among opera-singers will have a rich vocabulary, including tessitura and appoggiatura, divisions and octave-drops. But, all too often, this instant learning reveals *its* superficiality, thin as icing on a soggy cake.

Dick Francis's knowledge is, of course, genuine and profound, acquired through experience, over a *long time*. And so his horses act like real horses, and his people act like real people. This new novel, *Break In, is Francis* at his authentic best.

It would be wrong to compare the promising American Jon Breen (*Triple Crown* is his second book) with the supreme Dick Francis. Obviously, Breen knows a good deal about racing; but he *writes* as an observer. His protagonist is a radio sports-announcer, so the smell of racetrack sweat—human and equine — is not immediately perceptible.

Breen concentrates less on horses, and more on the humans who own them, exploit them, love them. The politics of racing is more prominent than the mechanics. Breen's second novel is ingenious and amusing: the final revelation is perhaps too far-fetched, but the impetus of the narration carriea you along anyway.

William Weaver

Pont Neuf

A parcel for Paris

On a warm, sunny morning this week in Paris the Seine was a rippling sheet of reflected light and the hazy atmosphere was suffused with gold. Between these elements the city's oldest bridge, the Pont Neuf, stood almost completely wrapped—or more accurately, draped then tied—by the artist Christo in a silky, Parisian sandstone-coloured fabric called polyamide, which glistened with a sheen of its own. The pale, uniform colour of the concealed bridge seen in that special light was reminiscent of the tonalities of Turner's painting of the Pont Neuf in the British Museum.

That connection, the Bulgarian-born artist would agree, is what separates "The Pont Neuf Wrapped, Project for Paris" from his other environmental projects. Here Christo is placed in an art historical tradition unlike, for example, his 24-mile "Running Fence" of fabric that snaked across two California counties to the coast, or "Surrounded Island," where islands in a chain in Biscayne Bay, Florida, were given pink skirts that made them resemble giant lily pads. It is a far cry, too, from his last project for Paris in 1962, when in political vein he made a colourful "Iron Curtain" wall of piled-up oil barrels.

Since at least 1630, when Jacques Callot did his view of Paris's first single bridge which from 1606 has joined the western tip of the Ile de la Cité to the Right and Left banks, artists have been transforming the Pont Neuf on canvas. The difference is that Christo uses fabric like paint, and for a few weeks the bridge is the canvas for a monochromatic landscape with subtle variations. And by concealing the entire structure and its parapets, he has given the bridge the same mystery and allure as an exquisitely dressed woman whose curves are softened by the cut and drape of the cloth. But more important, just as one may from a distance know an old friend first by his shape, Christo proves that contour is the main factor in recognising and defining objects. By concealing details, he reveals the essence.

In his studio in New York, Christo has countless reproductions of Giotto's paintings of processions of men draped in long robes—"huge masses of fabric that create an enigmatic presence," he says. "The compositions," he adds, "are unified by the fabric rather than by parts of the body." For the rest, he looks to the long tradition of draping in stone sculpture, and one need go no further than the facade of Notre Dame nearby on the Ile de la Cité to see an excellent example in the sculptured robes of the Apostles, lined up out of sight of the main portal. Christo reinterprets this tradition in his creations; they are sculpture to the scale of architecture.

Not even Madame Grès the acknowledged master in the *haute couture* of the draped garment, would be as fussy about pleats and gathers as was Christo just days away from the project's completion. His engineers had established the patterns for the 12 vaults or arches of the bridge—no two are the same in a range from oval to round—and for the towers or piers topped by the distinctive semi-circular balcony-like overhangs. The fabric for the vaults was then raised from barges below by men pulling on ropes as if raising the mainsail of a sailing ship; the cocoons of fabric for the towers were released from above.

From his command boat on the river, Christo indicated how the fabric was to be stretched taut underneath the vaults to reinforce their geometry. For the towers and the vertical embankments 60 per cent more fabric was used to emphasise the shadows created by the forms of the bridge

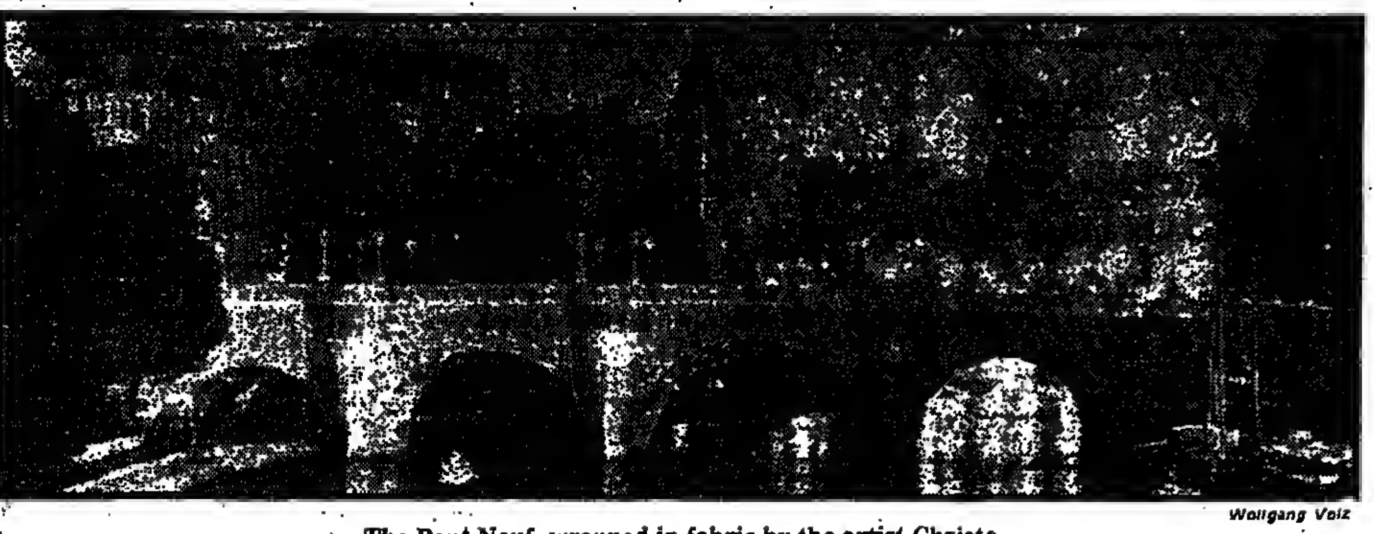
Christo has studied the project for 10 years. Since he conceived it in 1975—discarding an earlier one to wrap the bare branches of trees along the Champs Elysées in winter—he has been imagining the bridge from every angle and recording his thoughts in drawings, collages, and painted photographs, always with those distinctive French roof lines in the background. The income derived from the sale of these works is paying for "Pont Neuf Wrapped"—estimated at \$2¼m (£1,700,000).

Once completed, the bridge is without the tension and energy of the ongoing creative process, which in Paris has been evident since September 13. Christo will not stay for the dismantling which starts on October 7.

Throngs of people have been jostling along the walls of the quays for a view. Part of the spectacle has been the alpinists, the Guides de Chamonix, and the tree-surgeons from the Forêt de l'Ile de France, who are specially-trained (they wrapped another bridge near Fontainebleau as a try-out) to hang from ropes and scramble around to attach the fabric sections to each other and then to bind the whole 440,000 sq. ft. of cloth with more than five miles of red-ochre rope.

So, is this a circus or is it art? Granted there is a touch of American showbiz about the choreographed precision and the large crowds, but Christo himself seems oblivious to anything but his daily rounds. He has retained that most cherished of all creative virtues—independence—which gives him freedom in interpreting and enhancing the environment. The fact that the art is presented on so large a scale—or even that the construction workers and the public have a good *time*—should not detract from its merit, which is simply that the Pont Neuf has been portrayed once again by an artist in a fashion that reflects his era. The bridge will never be the same again for those who witnessed its transformation.

Paula Deitz



Wolfgang Volz

The Pont Neuf, wrapped in fabric by the artist Christo

National Theatre

Culture coup for Coriolanus

THE DIRECTOR of the Athens Festival had left it too late to pick up an English edition of *Coriolanus*; a plentiful supply of annotated Ardens had been ambushed by 10,000 Athenians who packed into the Herod Atticus theatre last weekend for two performances of Peter Hall's National Theatre production led in irresistible histrionic style by a supercharged Ian McKellen.

The performance was received with rapt attentiveness that Sir Peter later suggested exceeded that offered by South Bank audiences during the NT run. In a venue built into the cliff under the Acropolis, this knottily dramatised debate on the democratic principles of government threatened by a state hero who mistrusts democracy itself took on some remarkable resonances. It was as if the popular views of Herodotus in favour of power to the people were being instinctively, rather than intellectually, challenged by a god-like embodiment of the critical strictures of Plato and Aristotle.

Thus did the Athenian intellectual legacy slide into the usurping Roman personality cult, an antique historical fact reflected in the Herod Atticus itself, a Roman theatre that retains Greek open-air characteristics and nudges impertinently into the site of the Agora.

Apart from all that, the audience afforded the players an extraordinary reception. McKellen bounced through for his call with an air of optimistic expectancy and was visibly overwhelmed by the ovation. His "Mother, what have you done" pause had been longer than ever, an actorish coup of the highest, nonetheless studied, quality. At the end he all but collapsed into the arms of his hosts, smile widening, eyes ablaze with unforced gratitude and pleasure.

John Haynes

Ian McKellan as Coriolanus in Athens

The visit, arranged by the British Council, was something of a double diplomatic triumph: it enhanced the NT's claims to international distinction, in which respect it still labours heavily in the shadow of the Royal Shakespeare Company; and it obviously pleased the Greek Government and especially Melina Mercouri (although she contrived to be leaving for America during the performance itself). Miss Mercouri, the Minister of Culture and Science, still wants a little more than her marbles back, although I am not quite sure what. Never in a million Sundays, though, could she have found a more appropriate production for her "Cultural Capital of Europe" year.

Athens was thus designated in the EEC initiative to improve its frowsty image of grey wrangles over butter mountains and tomatoes. So the Athens Festival, which has been running since June, came and went (closing with the second *Coriolanus* last Saturday) within that broader political artistic spectrum. Next year it is the turn of Florence, followed by Amsterdam and, in 1988, London.

As he sat basking under a floppy straw hat and rehearsing actors' entrances in the early morning sun, Peter Hall was still jovially wincing at Richard Luce's opening remarks in his new role of Arts Minister that subsidy for the arts induces softness and kills off enterprise. There was nothing much soft or unenterprising about that evening's performance. And even at that distance from Whitehall, the technicians who had worked heroically through the night might have had good reason to feel miffed or indeed insulted.

Greece is obviously important to the National. *The Oresteia*, which marked Hall's return to form as a theatre (as opposed to opera) director, was a great success at Epidaurus three years ago. In a fluent and inspired speech at a British Council reception, Hall brilliantly defined the importance of the classic drama as a way of looking to restore the waning of faith and confidence in today's society through the secure and achieved art of the past.

But he was also addressing the British government when he warned that "Cultural Capital of Europe" might prove to be a sadly inappropriate misnomer for London in 1988. "Our Government," he said, "does not think art matters unless it makes money." On the bus back to the hotel, his long-term design colleague John Bury opined that the newly ebullient Hall of the last two years remains deeply disappointed that neither Sir John Tooley at Covent Garden nor Lord Harewood at the Coliseum joined his campaign for more enlightened arts funding. In other words he sounds uncompromising but still feels stranded.

Coriolanus knew the feeling as well. The Harrison Birtwistle syncopated brass anthems sounded wonderful in the open air as McKellen sulkily and angrily disowned the common cry of curs even to the extent of baring his bum at the people's tribunes. This was a gesture I did not remember from the London Press night but it suited, in an odd way, the fervid scornful individualist that is Coriolanus, a man whom McKellen makes clear is good at his job (fighting) and bad at its consequences (politics). The boy of tears label applied by Aufidius is a jibe whose aptness McKellen acknowledges in the Olivieresque sung grunt of a mortally wounded animal.

The peculiar problem (which is sometimes—as in this case—a peculiar enjoyment) of being a travelling critic with a native company is that you get to hear about far too much for your own objective good. On the other hand, the glimpses afforded of efficient stage-management, of company camaraderie overcoming personal animosities, of the pragmatic value of panic and apprehension when the John Bury doors are not right (none of that classy Olivier reverse portals effect for Rome and Antium), or the unforced friendliness of the odd actor about whom one has been either consistently (Basil Henson) or recently (McKellen) rude—all this is educative and humbling for the aesthetic hack dealing in instant judgments.

The company, in short, was a credit to the British taxpayer and one would like to hope that the message eventually seeps through to Mrs Thatcher. The tribune double act of David Ryall and James Hayes — the first a fussing trade unionist with an ingratiating leer, the second an opportunist yes-man — was as impressive as ever. Yvonne Bryceland, who succeeded Irene Worth as Volumnia, seemed to find an original oddness in the part that went some way to justifying the accusation of madness, a touch I had never noted before. Otherwise, the focused intimacy of the domestic scenes — despite good work by Wendy Morgan and Judith Paris — evaporated somewhat. Kneeling down was not a good idea in this arena.

The icily articulated Gielgudry of Michael Barrington's First Senator was a particular and previously unnoticed joy, and John Savident a fine Cominius.

It was interesting to note how certain actors adapted immediately to the acoustic and physical difficulties of the Herod Atticus, none more so than Greg Hicks, whose sultry, centred youthfulness as Aufidius remains perhaps the most innovatory element in the production. The boosting amplification system was, in the end, more of a hindrance than a help.

In the small hours last Sunday morning, while actors drank and technicians dismantled the stage, McKellen crept discreetly back into the auditorium and had, as he puts it, "a little cry." The NT *Coriolanus* is no more, having been given for 102 performances on the South Bank, playing to just over 85 per cent capacity, since last December. It is a comment on our repertory system that such a production will now be unceremoniously scrapped within a year of its inception. In our reckless commitment to having a new hit, refreshing the repertoire for critics and regular punters, shows come and go with almost monotonous regularity.

Last week *Coriolanus*, this week *The Cherry Orchard*. On Monday morning, in between office duties, McKellen began rehearsals in a Leicester Square basement for the Chekhov masterpiece he is mounting as the third effort of his NT "actors' company." Perhaps his Coriolanus had grown and magnified to its maximum potential in the Herod Atticus last weekend. Perhaps, on the other hand, what the company took from that ecstatic audience could have been fruitfully injected into a developing interpretation. Either way, a palpable hit was scored for the British theatre, for the British Council (long, or at least longer, may they prosper), Melina Mercouri and, I suppose, the jolly old EEC.

Michael Coveney

Records

Boulez variations

VARESE
Ecuatorial, Déserts, Intégrales, Hyperprism, Octandre, Offrandes, Density 21.5. Ensemble Intercontemporain/Boulez. CBS IM 39053 (LP and cassette)

SCHOENBERG
Verklärte Nacht, Suite Op. 29. Ensemble Intercontemporain/Boulez. CBS IM 39566 (LP and cassette)

IVES
Symphony No. 3, Orchestral Set No. 2. Concertgebouw/Tilson Thomas. CBS IM 37823 (LP and cassette)

SHOSTAKOVICH
Cello Concertos Nos. 1 and 2. Schiff, Bavarian Radio Symphony/M. Shostakovich. Philips 412 626 (LP, cassette and CD)

BOULEZ's second CBS compilation of works by Varèse completes his survey of the published works; only the tape *Poème électronique* does not appear on either disc. With one reservation, the performances on both are exemplary, recorded with a clean, analytical sound which serves the composer's uncompromising sound world with maximum effectiveness. Boulez takes no liberties with music which sets up its own terms of reference, and successfully resists any attempts at spurious interpretation. The balance is impeccable, the chiselling of the rhythmic profiles invariably sharp. In Varèse one could hardly ask for more.

My one disappointment is with the version of *Déserts* that Boulez elects to conduct. Surely an account which emanates from the technocratic background of IRCAM should have given us Varèse's preferred combination of instruments and pre-recorded tape, rather than that for instruments alone? The original tape must by now be showing its age, but it cannot have been beyond the capabilities of IRCAM to have prepared a cleaned-up version for what would then have become a definitive presentation. A small question mark, too, against the use of a chorus of basses for the text of *Ecuatorial* rather than a soloist, though it is a change sanctioned by the composer. Tiny misgivings though, in the context of an invaluable issue.

The series of Schoenberg recordings under Boulez that CBS has pursued for more than a decade as a successor to its comprehensive project under Robert Craft must also be close to completion. Some of the late works one imagines Boulez would not be too keen to conduct, though still the piano and violin concertos are *Pelleas und Melisande* are notable gaps. The pairing of *Verklärte Nacht* and the Op 29 Suite is a curious one, and seems to have been simply a matter of convenience rather than of constructive programming. *Verklärte Nacht* is given in its original sextent version under the "music supervision" of Boulez. It is a warm-toned, overtly expressive view, quite unlike its most recent rival on disc from the LaSalle Quartet, which preferred more elegant expressivity and a consistently leaner texture.

The Suite is one of a group of early Schoenberg serial pieces that seems to strive after a forced gaiety. It is more successful in this respect than the one-act comic opera *Von Heute auf Morgen*, and there is undoubtedly a lightness of touch and an ease to the contrapuntal writing which makes a welcome relief after the rigours of works like the Wind Quintet. Boulez conducts it briskly, allowing no time for unnecessary extravagance; perhaps as a result the first movement seems slightly hard driven. It is, though, a performance which declares its authority in every aspect, with splendidly vivid playing by the Ensemble Intercontemporain. I just wish I could warm to the work itself a little more.

Yet another continuing project from CBS is concerned with a recorded edition of Charles Ives. Michael Tilson Thomas's version of the Second Symphony was released two years ago, using a critical edition of the score published under the aegis of the Charles Ives Society. The two works on the new release also rely upon scores made with reference to all the manuscript sources in the Ives Collection at Yale, and there are some significant differences to be noted between these and previous recordings; largely a matter of greater definition, and of detail now emerging more vividly and effectively from the complex textures.

The Second Orchestral Set, written between 1909 and 1915, is particularly striking in this form; perhaps only the Fourth Symphony is more successful in uniting Ives's idiosyncratic radicalism with genuine poetic vision. The composer himself regarded the third movement, "From Hanover Square North, at the End of a Tragic Day, the Voice of the People Again Arose," as one of his finest achievements, and it is easy to see why: a heartfelt response to the news of the sinking of the Lusitania in 1915 which forms an imposing choral apotheosis to the set. By contrast the Third Symphony (1902-1904) seems relatively unambitious and uncomplicated, even though its contrapuntal excesses go beyond anything Ives had attempted to that date. The playing by the Concertgebouw Orchestra has an alluring sheen; marvellous to hear a great orchestra attacking such demanding music with evident relish.

No doubt Shostakovich's Second Cello Concerto has been available before on record, but I have never come across it; or heard the work in the concert hall. It has remained consistently in the shadow of its popular predecessor, of which Rostropovich made a memorable first recording. The Second Concerto was also written for him between the 13th and 14th symphonies and is as dark and introverted as the later symphony; there are few opportunities for solo display—an extended largo to begin, followed by a pair of linked allegrettos, but to anyone tuned in to the repressed world of late Shostakovich it is quite fascinating.

Lack of competition alone would make Heinrich Schiff's performance with the Bavarian Orchestra under Maxim Shostakovich invaluable; it also happens to be a perceptive and musical one and is coupled with a view of the First Concerto which, if less ebullient than Rostropovich's, nevertheless encompasses the work's emotional range effectively enough. On compact disc the balance between soloist and orchestra is gratifyingly natural; an ideal introduction, in fact, to an unjustifiably neglected concerto.

Andrew Clements

Radio

Do it yourself

COLIN AMERY'S *Building Houses People Want*, on Radio 4 at teatime yesterday, was one of the most heartening programmes I ever heard. Why should municipal housing consist of rows and rows of identical houses, or great blocks of identical flats, designed to give the architect least trouble and the council least expense? Some dedicated communities have rebelled. They have formed co-operatives, chosen their own architects, worked out accounts, and got themselves housing estates the way they would like them. Mr Amery has visited some of these estates, several in Liverpool, one in Lewisham, one in Macclesfield, and talked not only with the architects, but with the householders—for they and the architects have worked on equal terms, even working side by side on the sites. In Lewisham, "we sat down with our architect and designed our own buildings," and the result was 14 houses all different. It was immensely encouraging to hear householders and architects as cordial as if groceries and not houses were the order. The results seem all to have been handsomer and nicer to live in than the characteristic council-designed estate, and inhabited by communities who might have been scattered all over the place by municipal rehousing.

Self-help turned up again in Wednesday's afternoon play, *A Private Grief*, for this was announced as being extemporised. A lot of work must have been done on the tape after the actors left the studio, not only in the dialogue but in the music, for the play is about Beethoven (played by Mike Gwilym), and the piano comes and goes continually. The year is 1802 and Beethoven is troubled by his advancing deafness. We hear him talk with his doctor, coach a pupil in a Haydn sonata (and tell her not to come back), shout at his servant when she brings a bad egg with his supper, bicker over his percentage for *Fidelio* at the Opera. He has a small romance with Bettina Brentano that leads only to a possible footnote in the biographies. But he tells himself, "God is nearer to me than to others in my art," and resolves to defy his handicap.

James Runcie devised and directed this piece, and it would be nice to say that the improvising resulted in a new dimension of broadcast playing. But what I heard was a broadcast play, well spoken, indistinguishable in character from the rest—and I suppose this is in a way a compliment to all concerned.

Appropriate, though unconnected, was a programme on deafness the previous night on Radio 3, *Second Sense*. Professor Colin Blakemore spoke about research on animals and even insects (which, it seems, find making or hearing sounds a tiresome business). With respect to the Animal Lib people, useful discoveries have thus been made towards helping human deafness. One form of deafness he attributed to "industrial noise or pop music."

Cynics may say that the trick in Middleton's *A Trick to Catch the Old One*, which Radio 3 gave us on Wednesday, edited by Peter Barnes, is a very simple one. Witgood, conventionally debt-ridden like all such young men in plays written about this time (published 1608), tells his covetous old uncle Pecunius Lucre that his mistress Flavia (Dilys Laye) is a widow with a great fortune of £400 a year. No good trying to expound the subsequent complications; they are very funny in a 1608 way, and well played by a cast including Alan Rickman as Witgood and Maurice Denham, Peter Bayliss and others. Ian Cotterell was the director.

B. A. Young

Saleroom

Soldiers of fortune

BY FAR the best way to play soldiers is in the saleroom, with contestants competing with bids rather than bullets for relics of the military past. Last week Christie's South Kensington made a move for dominance in this field, with a sale based around militaria—the costumes and relics of contestants rather than their actual arms—which proved a great success.

To seize an edge on Phillips, which also has ambitions in this market, Christie's has taken on, as consultant, Mr Aubrey Bowden, late of the National Army Museum. This was his first auction. It contained some unusual items, not least the full uniform of the King's Own Royal Regiment of Norfolk Yeomanry, which went for £2,200, as against a £1,500 top estimate.

This uniform is rare. It was designed in the early years of this century by King Edward VII as an after dinner divertisement at Sandringham. His guests included some Norwegian princes, which accounts for the Nordic tilt to the helmet. With its yellow facings the coat looks rather ceremonial but its occupant, Major Birbeck, saw action in the Dardanelles and was awarded the MC. Its high price reflects not only its rarity but also its completeness: the odd item of military costume rarely makes more than £100, but a complete kit attracts constantly rising prices from dealers and collectors. This lot was bought by the National Army Museum.

The top price in the auction was the £5,000 (estimate £1,000-£1,500) paid for some rather nondescript coats, one of which took part in the Peninsular War. In itself this would not be enough to justify the price but the lot included the white cotton trousers and other bits and pieces of Captain Robertson who also participated in the unsuccessful expedition to take Buenos Aires in 1807; two fanatics were bidding for the rare minutiae of military costume.

For Mr Bowden a feature of the sale was the high prices being paid for khaki. A group of pre-1914 khaki tunics made £280, and the signs are that khaki uniforms with interesting trimmings and insignia will go the way of more glamorous ceremonial garb, where the uniforms of smart cavalry regiments, such as the 11th Hussars, command a premium over the rest, and the cavalry has an edge on the infantry, which, in its turn, is more expensive than support regiments like the RSC. It is a modern repetition of the 19th century passion for medieval arms and armour: once military gear is out of date it quickly acquires a nostalgic appeal.

But rarity is vital. One of the best prices in the auction was the £3,800 (top estimate £1,200) paid by the Australian War Memorial in Canberra for the complete uniform of a South Australia Militia Lancer of around 1894. Everything was there, and the chances of such a kit appearing again are minimal. In addition all things Australian are in demand.

The sale was rife with rarity, from the helmet of Captain Oates of South Pole distinction, which was bought by his old regiment, the Enniskillen Dragoon Guards, for £2,200, to probably the first complete kit of the Order of the Thistle (from bonnet to star) ever to appear at a auction, which sold for £3,000. It was probably awarded around 1900 and was bought, rather surprisingly by the RAF Museum at Hendon.

Another distinguished family cashing in on the clothes of an ancestor was the Russian descendents of the last Tsarist Ambassador to the Court of St James, Count Alexander Benckendorff. His ceremonial uniform sold for £1,700, as against a top estimate of £700. Here again it must be unique, and the new owner is quite at liberty to wear it out as long as he does not attempt to deceive for gain through its cocked hat, embroidered coat, and silver striped trousers.

Christie's South Kensington hopes to hold auctions specialising in militaria once a quarter. It is stressing the historical attractions of collecting rather than the more primitive appeal: it will not offer Nazi uniforms and weapons, which is perhaps the fastest appreciating sector of the field.

But if you want a busby (that of an artillery officer) one was available for £180, and if you prefer a bearskin, which is larger and is actually made of bearskin (female for officers; male for men) you could get one worn by a Scots Guards officer for £280. A Lieutenant's full dress tunic of the Middlesex Regiment was snapped up for £80, while the full dress doublet and trews of the High and Light Infantry found a buyer at £110. Among these individual garments prices are predictable and still low. Naval uniforms after 1810 attract little interest: anything worn in the Royal Flying Corps is collectible.

Antony Thorncroft

Solution to Chess No. 587
1 Q-KB2, KxB; 2 N-B6, K-Q3; 3 Q-QB5. If 1...K-Q6; 2 N-K7, K-K5; 3 Q-K2, or if 1...K-Q4; 2 Q-K2, K-B3; 3 QxP.

WEEKEND FT

Private view

Books matter, Booker doesn't

OPEN SEASON on hype, hope and literary controversy rolls round again. Entries for the Whitbread Prize (£17,500), closed last month, with 81 novels and no fewer than 64 first novels—twice the number submitted last year—in the ring. Judges approved by Rowntree Mackintosh will need all their health and strength to lift and sift 335 children's books entered for the new Smartie Prize (£10,000). Next week, in the usual pre-prize flare of news stories, six titles will be short-listed from 105 novels submitted this year for the Booker McConnell Prize for Fiction (£15,000).

One little piggy will stay home. John Fowles, one of our more seriously original novelists, has refused to allow his new work, *The Maggot*, to participate in what some observers regard as an amusing literary parlour game and others resent as a shabby commercial circus. Mr Fowles is not the first to withdraw, so to speak, the hem of his garment. Graham Greene will have nothing to do with the Booker Prize.

To be sure, giving literary prizes at all is notoriously tricky. The Nobel Prize literature committee is regularly excoriated. The Prix Goncourt is widely believed — though not known — to be "fixed" between a coterie of French publishers.

The declared purpose of literary awards is to reward worthy work, honour its authors and enlarge the reading audience for writing of high quality by attracting to it a greater degree of public attention than publishers of the stuff can bring themselves to seek.

In 1916 Joseph Pulitzer instructed that $1,000 be awarded annually "for the American novel published during the year which shall best present the whole atmosphere of American life." By the time this charge reached the first Pulitzer jury, a sanctimonious piece of editing had altered "whole" to "wholesome."

Wholesomeness being as scarce in fiction as in fact, then as now, in American life as in any other kind, the Pulitzer Prize for fiction was snookered from the start. (To its credit, the jury failed to find a winner at all.)

Even when "whole" was restored to the brief, in 1929, the notion persisted that a winning novel did not have to represent the judges' tastes but, rather, their judgment that it would be good for readers to read it.

By different means, to somewhat similar effect, the ballyhoo surrounding major British literary awards serves to point up—as sponsors play leapfrog with prize money offered—their real, as distinct from their declared, purpose. The Booker Prize does not give glory to its choices. Its choices give celebrity to Booker.

That is all. Except, of course, that every year a seriously aspiring novelist *has a good* deal more disposable cash as a result. Patient promotion of the prize and a lot of luck (the occasional, gratifyingly public literary row never came amiss) finally paid off: since 1981 the event has been televised.

Since then, sales of a winning title soar into figures normally associated with mass-market pulp fiction. A 50,000 hardback sale can be expected—a far cry from, say, 6,000 hardback sales of Stanley Middleton's *Holiday*, joint Booker winner in 1974. Like many another winner—17 so far, and 70 runners-up on successive shortlists—*Holiday* is out of print; but the long eye of literary excellence may one day select it as a classic, worthy of a Set Book place on the A-level listings.

Likewise it is at least possible, even probable, that one or two milestones of late 20th century EngLit will be found among the 99 novels which, submitted in hope of hype, will *not* be shortlisted on Monday. There is reason to believe that Booker winners, sold by the thousand, quickly gather dust on scarcely fewer thousand shelves and coffee tables. Yet once again, this autumn, a few more curiously hybrid reputations are about to be made: neither literary, nor critical, nor frankly commercial. It is both sad and silly that to have literary "winners" we have to have literary "losers."

Gay Firth

Tennis

A sorry picture in Britain

INTERNATIONALLY, this has been the most encouraging tennis season for years. With a rejuvenated and forceful Mats Wilander winning a second French Open two weeks before his 21st birthday; Boris Becker exciting us with his exuberance and skill at Wimbledon where, aged 17 years and seven months, he became the youngest winner of a Grand Slam title; and 23-year-old Hana Mandlikova winning her first U.S. Open on her third appearance in the final, this certainly was a year in which youth was served.

This is not to say that the old guard is eclipsed permanently. Indeed, Chris Evert Lloyd in Paris and Martina Navratilova at Wimbledon gave us two of the season's memorable performances; and Martina, in defeat at Flushing Meadow, contributed to what was, for me, the match of the year. In New York, I even felt sorry for John McEnroe, who was as much a victim of the appalling TV-inspired scheduling as of Ivan Lendl's growing belief in his status as a champion. If only, though, someone could persuade Ivan to smile occasionally on court!

At home, there is little to smile about. The Refuge National Championships, which end tomorrow at Telford, have produced no signs of a young Mandlikova or a budding Becker forcing their way out of the pack. Nor have the performances of our present Davis Cup men—Jeremy Bates, Stephen Shaw and Colin Dowdeswell (John Lloyd is competing in San Francisco)—suggested that Britain will have an easy task next weekend in the promotion battle against Israel—even on damp grass at Eastbourne.

It is easy to blame Paul Hutchins, the national team manager, for the lack of male talent. But the real problem is much deeper. The truth is that tennis in Britain is sick. There are too few people laying the game, too few opportunities for those who want to play, and a dangerously introverted complacency at the Lawn Tennis Association.

This week, a second round of interviews for the new post of executive director has produced a short list. But unless the right person is found—and given complete authority, free of interference from the board—the appointment will be seen merely as a cosmetic exercise. What is needed is someone of wide business experience who will market tennis to the masses. It is in the schools, public parks and the as-yet-unbuilt municipal indoor centres that our salvation lies. It must be made as easy for the talented young tennis player to find cheap and welcoming facilities as he finds already at football or cricket, swimming or snooker.

When he takes up his appointment, the new executive director will find a sorry picture—in sharp contrast to the situation in France and Germany, the leaders of European tennis today. The number of clubs affiliated to the LTA in 1984 was 2,381. In Germany there were 7,787; and in France 8,200. The number of courts in Britain is fewer than 11,000 against 19,500 in France and 34,505 (2,406 of them indoors) in Germany. These figures are depressing enough; but when you look at the numbers competing, you begin to understand how the French produced a Yannick Noah to win the French Open in 1983 and how Becker emerged so spectacularly from Germany this year.

The number of players in Britain over the age of 18 who are members of clubs affiliated to the LTA is 146,000—plus another 4,500 or so whose clubs pay the capitation fee on the basis of the number of courts. Add the 84,000 juniors and you have a grand total of 234,500.

In France last year there were 1,290,943 registered players (from 324,442 in 1972, about where we are now): and in Germany the total is 1,643,186 (from 460,645 in 1972). Vigorous leadership by the governing bodies in those countries has led to this spectacular growth, and it is no surprise that tennis in Germany ranks third in popularity to football (4.7m club members) and gymnastics (3.4m members), and is second behind football in France.

It is all rather gloomy. Nor does the Sports Council come out of this tale with many marks for enterprise. Its information department could not tell me precisely where tennis stood in the table of popular sports because, I was informed, the governing bodies themselves do not have accurate figures of memberships. Nor are they really sure how many play merely for fun. But in 1980 a survey of households produced the following list of *popular leisure pursuits*: 1, walking two miles or more; 2, indoor swimming; 3, darts; 4, billiards and snooker; 5, outdoor swimming; 6, angling and golf; 7, football and tennis; 8, table tennis.

Unless our outlook has changed in the past five years, *we can forget about producing* another Wimbledon champion or winning the next World Cup. Perhaps, as a nation, we actually prefer to be second-rate amateurs. I, for one, sincerely hope not.

John Barrett

A year in which youth was served: Boris Becker, Hana Mandlikova and Mats Wilander

Rugby

Veterans gear up to show their paces

FIRST, a question. How do you recognise a 70-year-old rugby player? The answer, of course, is that he wears purple shorts.

At least he does if he is taking part in the fourth Golden Oldies Rugby Festival, which begins in London today. The purple shorts signify not only the player's age but also that he may not be tackled.

Now there is nothing particularly new about elderly rugby players. I once appeared in a side captained from scrum-half by a 58-year-old potato merchant whose toothless exhortation to forwards was: "Any hands on the ball, lads, tread on 'em. But what makes this festival unique is the number of middle-aged and elderly participants—5,000 in all, *from 22 countries*.

The organisers believe that this year's festival will be the biggest gathering of sportsmen for a single event ever staged. The teams arrive today and the festival will be launched tomorrow with an Olympic-style opening ceremony at Twickenham, including a march-past by the teams.

Golden Oldies Festivals began in Auckland in 1979. They have since been held in Long Beach (1981) and Sydney (1983). The aim, in the words of one of the organisers, is "to provide fun, friendship and fraternity for players who have retired from active competitive play."

To qualify, a player must be over 35; the teams are divided into 35 to 40-year-olds and over-40s. All games are played over three 20-minute spells.

The festivals were launched by a New Zealander, Tom Johnson, a former first-class player who yearned for a rugby life for over-35s. He felt it was vital to keep veterans involved in the game and that that should be the aim of the Golden Oldies.

Nine clubs in and around London are hosting this year's matches; each has ordered copious quantities of beer and food ready for the 250 games spread over three days.

No less important (perhaps more so) are the three big social functions: the opening reception, an evening of rugby nostalgia at the Albert Hall, and a grand finale dinner for up to *6,000 people*, to be held at the Royal Victoria Dock ballroom. David Frost and Cliff Morgan are among the speakers.

The festival has attracted some famous names in rugby—and many of the not-so-famous. Among well-known ex-England internationals will be Bob Hiller, Chris Ralston and Tony Bucknall. John Spencer, former England captain, has re-formed and entered the 1969 Cambridge University side, including Gerald Davies, Jacko Page, Tony Jorden and Roger Shackleton.

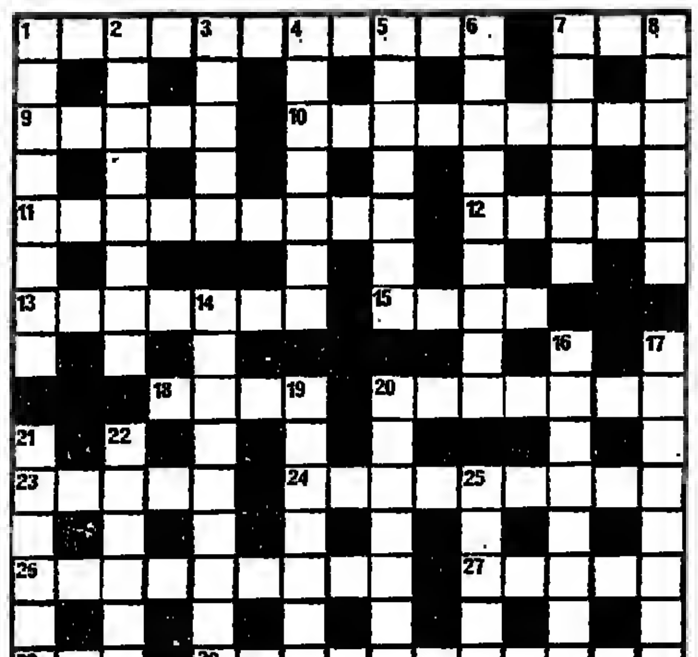
From overseas come the Pittsburgh Old Boys, led by one Tony O'Reilly, and from Australia the Queensland Goldies, who include Wally Lewis, capped four time in the 1930s, now aged 72. Look out for his purple shorts. From Spain come the Barcelona Veterans, whose own description reads: "Most are former international players for Spain, but are now in deteriorated shape."

Golden Oldies is sponsored worldwide by Air New Zealand, and for this year's festival several breweries and other organisations are sponsoring the games in London. All proceeds from the sponsorship will be donated to two charities: the Lord's Taverners and the Rugby Football Union Charitable Trust, which provides help to those severely injured while playing the game.

Roger Shackleton, who is on the organising committee, describes the festival as "a celebration of sporting maturity and a chance to renew old friendships."

It will also, for some, be a chance to try out a pair of purple shorts and enjoy for once the privilege of not being tackled.

John Kitching



F.T. CROSSWORD PUZZLE No. 5,833

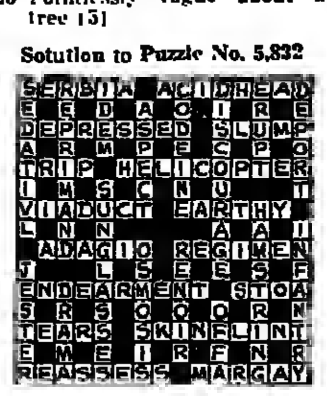
ACROSS

1 [illegible] (6, 5)
7 Very much more distant (3)
9 Given medicine by a leading doctor, does improve (5)
10 Advise Rex to come round with repair (9)
11 Firm dates arranged by Swift (9)
12 Hide when cold with pain (5)
13 Warned of the dancer, the man in front collapsed later (7)
15 Title of song in which old Penny is featured (4)
18 Accountant retires in back street works (4)
20 Swimmer with old hip disorder started nervously (7)
23 Trouble the sailors to go on deck (5)
24 People agree to differ about one beastly collection! (9)
26 Pollute river, putting broken crates in it (9)
27 Taking little notice, ultimately, when fully developed (5)
28 Pill, though not religious, accepted the love child (3)
29 Left each prayer to be prepared by a church helper (9, 5)

DOWN

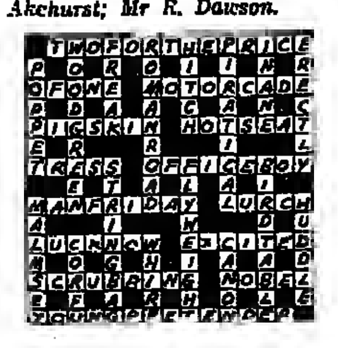
1 The deputy churchwarden the boy names incorrectly (8)
2 He's paying attention to the catalogue Rene brought round (8)
3 Need, perhaps, to get the front door closed (5)
4 The member needs first aid in order to see the girl in the pub! (7)
5 The volunteers left after Eric messed up the performance (7)
6 Having a tendency to make people late? (9)
7 Father has "hen," which is wrong; it must include "cold tongue" (6)
8 Which exudes one right to a milk supplier (6)
14 Sort of college which might make thin lace around the first century (9)
16 Lace getting right inside, however, being painstakingly careful (8)
17 Cares, not madly, for a predecessor (8)
19 The amount the girl is short (7)
20 He performs the entrechat two ways in a rude adaptation (7)
21 Also, in control of a horse, an outlaw (6)
22 Stays with fabulous bird, standing up ready (6)
25 Pointlessly vague about a tree (5)

Solution to Puzzle No. 5,832



SOLUTION AND WINNERS OF PUZZLE No. 5,827

Miss V. J. Horrison; Miss P. Buckley; Mr K. Smith; Rev P. Akehurst; Mr R. Dawson.



TELEVISION AND RADIO

SATURDAY

BBC 1

† Indicates programme in black and white

8.30 am Whet-a-Mess. 8.35 Magic Roundabout. 8.40 Battle of the Planets. 9.00 Saturday Superstore. 12.15-5.00 pm Grandstand, including 1.00 News Summary; Football Focus with Bob Wilson; Boxing: Barry McGuigan fight preview, and Tony Willis (champion) v Paul Chance for the British Lightweight title; Racing from Ascot; Golf (Suntory World Matchplay Championship); Motorcycling (Marlboro Clubman's Championship Final) and at 4.40 Classified results.

5.00 News 5.10 Regional programme. 5.15 The Tnoods 5.40 Torry and June. 6.10 Bob's Full House 6.40 McGuigan v Taylor Live coverage of the World Featherweight Championship from Belfast, where Barry McGuigan defends his title against challenger Bernard Taylor of the U.S. 8.00 Juliet Bravo. 8.50 The Paul Daniels Magic Show. 9.35 News and Sport. 9.50 Film: "Stir Crazy," starring Gene Wilder and Richard Pryor. 11.40 Saturday Movie Classic: "Brighton Rock," starring Richard Attenborough, Hermione Baddeley and William Hartnell.

12.20 am Golf (highlights of the Suntory World Matchplay Championship semi-finals).

BBC 2

10.35 am Open University. 3.10 Saturday Cinema Double-Bill, "Return to the Edge of the World" and at (4.35 "The Spy in Black," starring Conrad Veidt and Sebastian Shaw. 5.55 Front Line. 6.25 The 20th Century Remembered 6.55 News and Sport. 7.10 Saturday Review. 8.00 Bernstein on Mahler. 9.25 Harty Goes to Orkney 9.55 Darts: Final of the Unipart British Professional Championship. 11.35-

LONDON

5.55 am TV-am Breakfast Programme. 8.25 TX. 11.15 The Baron. 12.15 pm World of Sport, including 12.20 Wrestling. 12.45 News; 12.50 On the Ball; 1.40 Racing from Redcar; 1.55 Snooker; 2.10 Racing; 2.25 Snooker; 2.40 Racing; 3.00 Snooker; 3.45 Half-time Soccer Round-up; 4.00 Goodbye World of Sport; 4.45 Results.

5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Child's Play. 7.00 Russ Abbot's Madhouse. 7.30 3-2-1. 8.30 Dempsey and Makepeace. 9.30 News and Sport. 9.45 LWT News Headlines, followed by Snooker—Goya Matchroom Trophy. 12.15 am Studio One—In Concert: H_2O. 12.40 am Night Thoughts.

CHANNEL 4

1.00 pm I Could Do That. 1.30 Making the Most of . . . 2.00 "Here Come the Girls," starring Bob Hope with Arlene Dahl, Rosemary Clooney and Tony Martin. 3.25 "The Paleface," starring Bob Hope and Jane Russell. 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 The Corries and Other Folk. 7.00 News Summary, followed by 7 Days. 7.30 Union World. 8.00 Beats of the Heart. 9.00 Upstairs, Downstairs. 10.00 Hill Street Blues. 11.00 Coming Next . . . †11.30 "The Cat and the Canary," starring Bob Hope and Paulette Goddard. 12.50 am The Paul Hogan Show.

Lisa Maxwell, BBC 1, 5.15

S4C WALES

2.05 pm The World—A Television History. 2.35 Where Do We Go From Here? 3.05 Feature Film: "Magnificent Obsession." 5.00 Gardeners' Calendar Roadshow. 5.30 Upstairs, Downstairs. †6.30 The Emerging Chaplin. 7.00 Newyddion Saith. 7.15 Ar Y Ffordd. 7.45 Taro Bargen. 8.15 Y Maes Chwarae. 10.05 Beats of the Heart. †11.05 Feature Film: "Virginia City," starring Errol Flynn with Randolph Scott, Miriam Hopkins and Humphrey Bogart.

REGIONS

IBA Regions as London except at the following times:

ANGLIA

11.20 am Streethawk. 12.15 am At the End of the Day.

BORDER

11.20 am Knight Rider.

CENTRAL

11.15 am Chips.

11.15 am Puffin's Pla(i)ce. 11.20 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 5.10 Blockbusters.

GRAMPIAN

11.15 am I Want to be . . . A Footballer. 11.45 Fireball XL5. 12.15 am Reflections.

GRANADA

11.20 am Streethawk. 12.15 am Late Night Movie: "The Gun," starring Stephen Elliott and Jean le Bouvier.

HTV

11.15 am Otherworld. 12.13 pm HTV News. 12.15 am Party with the Rovers.

SCOTTISH

11.15 am Canadian Wildlife. 1.30 The Glen Michael Cavalcade. 5.35 Knight Rider. 12.10 am Late Call.

TSW

11.15 am Gus Honeybun's Magic Birthdays. 11.17 Freeze Frame 12.12 pm TSW Regional News. 5.05 Newsport. 6.10 Blockbusters. 12.15 am Postscript. 12.20 South West Weather and Shipping Forecast.

TVS

11.15 am The Fantastic Four. 11.40 Dreams. 12.12 pm TVS Weather. 12.15 am Company.

TYNE TEES

11.20 am Mornings Glory. 11.25 Chico. 12.15 am Poet's Corner.

ULSTER

12.43 pm Lunchtime News. 4.55 *Sports Results*. 5.03 *Ulster News*. 6.42 Ulster News. 12.15 am News at Bedtime.

YORKSHIRE†

11.15 am The Greatest American Hero. 12.15 am Festival Folk.

RADIO

BBC RADIO 2

(S) Stereo on VHF

8.05 am David Jacobs (S). 10.00 Sounds of the 60s. 11.00 Album Time (S). 1.00 pm Cut Off the Fringe. 1.30 Sport on 2: including Golf (Suntory World Matchplay Championship); Football; Boxing (Barry McGuigan v Bernard Taylor preview); Racing from Ayr; Tennis (The Refuge Assurance National Championships) and at 5.00 Sports Report. 6.00 Folk on 2. 6.50 Big Fight Special. 9.00 The BBC Radio Orchestra (S). 10.02 Sports Desk. 10.05 Martin Kelner (S). 12.05 am Night Owls (S). 1.00 Bill Rennells presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.10 National Symphony of Washington, DC (S). 1.00 pm News. 1.05 Heinz Holliger and John Constable oboe and piano recital (S). 2.00 From the Heart of Europe (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Inner Voice (S). 7.15 BBC Symphony Orchestra in Venice direct from the Teatro La Fenice, part 1: Birtwistle, Bussotti. 8.00 An Exile in Rome. 8.20 Concert, part 2: Gerard Grisey, Lutoslawski. 9.20 Voices: The Poetry of Life's Journey, compiled by Fredo Oowre. 9.45 English Chamber Orchestra (S). 10.35 Beethoven: The Archduke Trio, played by the Stuttgart Piano Trio (S). 11.15 The Romantic Motet (S). 11.57-12.00 News.

RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4 with Tony Lewis. 8.48 Breakaway, including 8.57 Weather; Travel; 9.00 News. 9.50 News stand. 10.05 Talking Politics. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm Quote . . . Unquote (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.00 News; Humour in Music. 3.30 God's *Gentleman, Pauper's Friend*. 4.15 Home-ing In. 4.45 An Infamous Address. 5.00 Wildlife (S). 5.25 Delve Special (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Explorers Extraordinary (S). 7.10 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now—In Pension. 11.30 In One Ear (S). 12.00-12.15 am News.

SUNDAY

BBC 1

† Indicates programmes in black and white

[illegible]

BBC 2

[illegible]

LONDON

[illegible]

CHANNEL 4

[illegible]

James Dean, Channel 4, 10.40 pm

S4C WALES

[illegible]

REGIONS

IBA Regions as London except at the following times:

ANGLIA

[illegible]

BORDER

[illegible]

CENTRAL

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

TSW

[illegible]

TVS

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

YORKSHIRE

[illegible]

RADIO

BBC RADIO 2

[illegible]

BBC RADIO 3

[illegible]

RADIO 4

[illegible]